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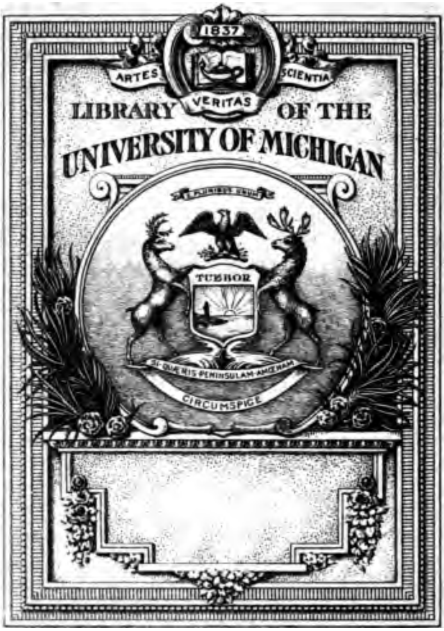
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TECHNICAL, INDUSTRIAL, AND T
EDUCATION.

A MANUAL

OF

RECENT AND EXIST
COMMERCE

FROM THE YEAR 1789 TO 1872.

SHOWING
THE DEVELOPMENT OF INDUSTRY AT HO
ABROAD DURING THE CONTINENTAL SYS
THE PROTECTIONIST POLICY,
AND THE ERA OF FREE TRAI

> "Una fides, pondus, mensura, moneta sit una,
> Et status illaesus totius orbis erit."
> "One faith, one weight, one measure, and one coin,
> Would all the world in harmony conjoin."
> BUDE

BY JOHN YEATS, LL.D., ETC
ASSISTED BY SEVERAL GENTLEMEN.

LONDON:
VIRTUE & CO., 26, IVY LAN
PATERNOSTER ROW.
1872.

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02-10-27 M.K.N

To

THE RIGHT HONOURABLE JOHN

FORMERLY

PRESIDENT OF THE BOARD OF

THIS FOURTH VOLUME OF A SERIES

RAW MATERIALS, SKILLED

AND THE

GROWTH AND DEVELOPMENT OF I
COMMERCE,

INTENDED TO ILLUSTRATE OUR

NATIVE RESOURCES AND OUR NATIO

AS WELL AS TO AID IN PROMOTING THE

INDUSTRY, INTELLIGENCE, PEACE,

AMONG ALL THE FAMILIES OF T

IS RESPECTFULLY INSCRIBED

JOH

Peckham, 1872.

SPEECH OF H.R.H. THE PRINCE CONSORT,

At the Lord Mayor's Banquet in London, March 21st, 1850,—in anticipation of the Great International Exhibition.

"I conceive it to be the duty of every educated person closely to watch and study the time in which he lives, and, as far as in him lies, to add his humble mite of individual exertion to further the accomplishment of what he believes Providence to have ordained. Nobody, however, who has paid any attention to the peculiar features of our present era, will doubt for a moment that we are living at a period of most wonderful transition, which tends rapidly to accomplish that great end to which, indeed, all history points, *the realisation of the Unity of Mankind!* Not a unity which breaks down the limits, and levels the peculiar characteristics of the different nations of the earth, but rather a unity, *the result and product* of those very national varieties, and antagonistic qualities. Let them be careful, however, to avoid any dictatorial interference with labour and employment, which frightens away capital, destroys that freedom of thought and independence of action which must remain to every one if he has to work out his own happiness, and impairs that confidence under which alone engagements for mutual benefit are possible. God has created man imperfect, and left him with many wants, as it were, to stimulate each to individual exertion, and to make all feel that it is only by united exertions and combined action that these imperfections can be supplied, and these wants satisfied. This pre-supposes self-reliance and confidence in each other."

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PREFACE.

THIS manual is one of a series treating of the Distribution and Uses of Raw Materials, the Development of Skilled Labour, the Growth and Vicissitudes of Commerce, &c., and as such should be judged.

The writer's aim has not been to describe "a day's business in the port of London," or to detail a day's transactions in any mercantile house; but to present in the briefest form, and based upon official returns, a comparative view of the commercial activity of the principal states of the civilised world.

As a means of preparation for the higher departments of commerce, or as affording matter for reflection during intervals of repose, the work will, it is believed, be found equally useful; for it will assist an intelligent reader in arriving at sound conclusions with regard to the credit of any single state, and also aid him especially in a study of the present or prospective position of our own country.

Should it be thought that through exhibitions, local and international, the truth has been arrived at already, with sufficient clearness, the author ventures to assert that these are neither *permanent* exponents of national progress, nor do they leave behind them, as standards of excellence, tests so sure and so satisfactory, as is the recorded judgment of buyers in the different markets of the world.

As a companion or sequel to any of the ordinary British histories, the manual may be advantageously used. Few of these are industrial or commercial in character, and fewer still seem to recognise the necessity of contrasting the condition of England, and her rate of advance, with those of her rivals. In estimating the chances of a race, the conditions of the whole field have to be studied; and in the struggle for commercial supremacy, we cannot with safety overlook the very rapid strides that other nations are making to reach us. In 1843 the population of the United Kingdom was about 27,000,000; that of the United States, about 18,000,000; that of Prussia, 15,000,000. In 1870, the population of the United Kingdom was about 31,000,000; that of the United States, 38,500,000; and that of United Germany, also 38,500,000; and while the sea forbids an enlargement of the area of our island, *per se*, though not of our dependencies, each of these great powers has considerable room for further expansion. Again, it is asserted that while incomes and prices in England have increased since 1815 about 46 per cent., they have increased on the Continent fully 300 per cent. within the same time—Russia being excluded from the calculation. During the same period our national debt has not materially diminished, though our power to bear it may have improved; while the United States have made extraordinary efforts to reduce theirs, and United Germany has virtually freed herself from all such encumbrance.

Rejecting the idea that the final result of civilisation is to decide "which nation shall have the most populous armies and the biggest guns," the writer desires strongly to impress upon the rising generation this idea, that, to maintain her ascendancy, England must become first in Arts, whatever she may be in arms. To obtain necessary culture, all classes must possess leisure, and be inclined to use it aright; and to secure these blessings, not only must the load of taxation be lightened, but the best possible instruction be universally diffused and systematically controlled.

Through sheer ignorance of the first principles of social economy, on the part of employers as well as the employed, the land seems falling a prey to disorder. We are committed to a policy which is erroneously called Fair-play for all, but which is practically the law of *Force Majeure.* Such a state of things is simply suicidal, and if continued will be ruinous before the march of popular intelligence can arrive to the rescue. Any one individual or company or community may indeed make himself or itself more powerful than any other, but never than all others. Monopoly in material interests is righteously doomed. In the words of Bastiat, " The overruling Providence of God shines forth as strikingly in the laws to which He has subjected men's interests and their wills, as in the laws which He has imposed upon weight and velocity,—if not more strikingly."

The writer's earnest wish is to inspire every thoughtful reader with a firm trust in the ultimate triumph of rectitude, and with implicit confidence that

" as round and round we run
Ever the truth comes uppermost,
And ever the right IS done."

In conclusion. Charts, illustrative of Indian trade-tracks and of the Public Burdens, as well as the Productive Resources of commercial countries, have been inserted in the volume, with supplementary notes on the modern caravan trade, the Red Sea Route, and the Suez Canal.

A tabular statement of the condition of the operative or wage-classes, at home and abroad, has also been appended, because of its importance in relation to the interests of Labour and Capital.

JOHN YEATS, LL.D.

Peckham, S.E., July, 1872.

P.S.—Throughout this series few authorities are ostensibly quoted, but the writer refers his youthful readers to a classified list of authors for reference. All statistics have been revised while going through the press by P. L. Simmonds, Esq. Passages marked C. T. have been taken by permission of Charles Tennant, Esq., from his "People's Blue Book,"—a noble work, to which the attention of young and old cannot be too strongly directed.

J. Y.

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RECENT AND EXISTING COMMERCE.

PART I.

CHAPTER I.

PORTUGAL AND THE PORTUGUESE EMPIRE.

I.—TEMPORARY PROSPERITY.—NAPOLEONIC ERA.—SUBSEQUENT HISTORY.

A CONCURRENCE of circumstances gave to Portugal a temporary prosperity about the period of the French Revolution. Brazil was becoming an important source of revenue owing to the increasing demand for Brazilian sugar in Europe. This demand had received a new impetus from the insurrection in St. Domingo, which devasted the plantations, and stopped the supplies from that island. At the same time, through the distractions in Spain, it devolved upon Portugal to supply the Spanish colonies with many commodities previously obtained from their mother country; and owing to the rapidly-growing wealth of England, the wine trade of Oporto was increasing. This comparatively flourishing period came to an end upon the refusal of the Regent, in 1807, to seize British merchandise at the bidding of France. The kingdom was then invaded, the king fled to the Brazils, Napoleon declared the throne vacant, and Portugal was treated as a conquered country. Brazil now found new markets for her produce, particularly in the United States; and Portugal lost almost all share in a commerce which she once monopolized. England upheld the independence of the kingdom, from 1809 to 1814, by arms and by subsidies, amounting altogether to £19,000,000. This kept the languishing branches of industry alive, and stimulated the production of commodities for exportation. The value of the consignments to England between 1811 and 1815 amounted to £5,000,000. With the downfall of Napoleon English aid ceased. The king continued to reside in Brazil. Husbandry was paralyzed for want of implements and roads, and manufactures were depressed. Foreign trade was not merely carried on in English ships, but was conducted by English merchants, who had houses of business in Lisbon and Oporto, and English goods formed the staple of exchange, only a trifling intercourse being continued with Germany, France, Italy, and Brazil. The Great Lagune of Setubal supplied the material for a trade in salt. St. Michael oranges were exported in large quantities from the Azores; but the trade in fruits had, with this exception, much diminished. The policy of Portugal towards her dependencies was narrow and ill-advised; the slightest approach to self-government was denied them. They were regarded solely as commercial stations. The Crown claimed the first-fruits of colonial enterprise, and encumbered the colonists with irksome regulations, till the bonds of allegiance were irrevocably severed. Political conflicts distracted the country from 1820 to 1835, during which period the independence of Brazil was formally recognised, and from being an appanage of Portugal, this splendid territory became the refuge of the House of Braganza. This was a serious blow to Portuguese commerce, for the exclusive claims to Brazilian produce were for ever done away with. A resident sovereign was once more established on the Portuguese throne, but the subsequent history of the kingdom is one of painful debasement. An attempt was made, in 1837, to encourage native manufactures by imposing heavier duties upon imported goods, and in

1841 they were burdened with further imposts, but the home industries which it was intended thus to benefit have since suffered from lack of raw materials and want of capital. The customs dues, nine-tenths of which are collected at Oporto and Lisbon, being levied according to weight, coarse and cheap goods, which are most in demand, can only be obtained at an excessive addition to their value, the increase varying from 25 to 133 per cent. on the prime cost. Fine goods, which Portugal is in too backward a state to fabricate, are almost altogether withheld from the inhabitants, or are obtained only by smuggling.

Trade with the United Kingdom scarcely progresses, owing partly to the excessive contraband traffic across the Spanish frontiers. The aggregate value of the British trade with Portugal amounted in 1870 to less than £5,000,000, of which under £2,000,000 was the value of the imported British produce and manufactures. Manufactures of woollen and cotton goods, paper, and tobacco, employ many persons in Lisbon, and the printing of cotton goods, imported from England, has nearly put a stop to the trade in English printed goods. Between Oporto and Great Britain interchange is chiefly confined to wines and cottons, the value of each of which, in 1870, was under £1,000,000. Besides wine, Portugal exports wool, cork, fruits, oils, cotton, salt, and the ores of copper and lead. Minor exports are orchil and wax, cattle, potatoes, and onions, and minerals. These products, under a better system of legislation, might be much increased. England exports to Portugal cottons, woollens, hardware, and salt fish. The slow progress of Portuguese commerce is exemplified in the returns for three years of commercial intercourse with the United Kingdom:—

	Exports to U. K.	Imports from U. K.
1868	£2,253,095	£1,554,649
1869	£2,664,257	£1,638,313
1870	£3,022,508	£1,931,786

The intolerance of the Portuguese commercial law drives the few people possessed of fortune away from their native land to live abroad, where they can enjoy the advantages of a higher civilisation.

Portuguese colonies are in the same state of exhaustion as the kingdom to which they belong. No revenues accrue from them, yet they are jealously held by the mother country. An offer made by England to buy the settlements of Goa, Diu, Damas (between Surat and Bombay), Macao, and part of Timor, the sole relics of the Indian greatness of Portugal, was proudly declined. The collapse of the slave-trade has deprived the African settlements of their value. A few commodities, such as hardware and wine, are sent to the coast of Congo, and, in return, are received small quantities of the once-extensive exports of gold-dust, ivory, hides, horns, tortoiseshell, feathers, wax, gums, and palm-oil. Most of the colonial trade with Africa, and the whole of that with Asia, has fallen into the hands of the English, and the part now taken by Portugal in the commerce of the world is insignificant.

II.—PORTUGUESE EMPIRE IN AMERICA.—BRAZIL.

When Napoleon dethroned the reigning king of Portugal his authority was still recognised in Brazil, and eventually an independent empire was established there. A sentiment of loyalty united the Brazilian colonists, and as none of the disasters of an unsettled executive prevailed, the government was able from the first to devote its energies to the development of the resources of the country. The consequence was that Brazilian commerce assumed proportions it had never before reached, and now ranks in the New World only next to the United States in wealth and extent of commerce. Its vast area of fertile soil furnished manifold useful products from the three kingdoms of nature. Both slavery and th slave-trade were continued after their suppression in t British West Indies, and thus Brazil, like Cuba, appeared possess advantages for the promotion of agricultural industry and commerce, and accumulation of wealth, as a result of the continued exercise of inhumanity.

No longer compelled by law to send all her produce to the mother country, her planters and merchants soon found more desirable markets. Improvements in husbandry were made; the revenues, formerly claimed by the Portuguese government, were devoted to domestic advancement, highways began to be constructed to connect the principal towns of the empire. Gold mining had long been very productive, but many new mines were opened, as well as others for iron. The state monopoly of searching for the diamonds, which abound in the rivers of Brazil more than in the mines of Golconda, was abandoned. Subsistence for ten thousand people was provided in this direction alone, and the produce has been greatly multiplied.

The cultivation of coffee, sugar, and cotton soon greatly extended. Brazilian sugar competed with that of the West Indies, and supplied a great part of Europe, although prohibited in England because it was slave-grown. Coffee rose to be the staple export, but in cotton-growing Brazil found a rival in the Southern States of North America, whose soil was better suited for the cultivation.

Rio de Janeiro and Bahia, the commercial marts of the empire, are two of the chief ports of South America. Bahia in the last century was the metropolis of Brazilian trade, but Rio de Janeiro, being the capital of the new government, has made more rapid progress, and now stands first, both commercially and politically. Pernambuco, the third port, has a flourishing trade, especially with Liverpool, the chief firms in the city being themselves British. In 1800 sugar was exported to the amount of 44,000,000 lbs. In 1837 this had increased to 264,000,000 lbs., and in 1868 the exports were nearly 2,500,000 cwts. Brazilian coffee, competing with that of Java, declined in price during this interval, but the produce was multiplied sixfold. Still more rapid progress has since been made. The export of coffee in 1867 amounted to 3,771,000 cwts., valued at £6,500,000. In 1822 the quantity was only 150,000 bags. Cotton cultivation received a great impetus during the American war. In 1868 there were 826,688 cwts. shipped from Brazil, nearly the whole being consigned to the United Kingdom. Salted and dried hides, tapioca, tobacco, India-rubber, cabinet and dye-woods, flour, honey, ipecacuanha, cocoa, rum, and molasses, are the other principal products exported. Immense herds of horned cattle and horses furnish, in addition to hides, the minor animal products of "jerked" beef (*charqui*), bones, horns, horsehair, and tallow. Turtle eggs reduced to an oily preparation, and preserved in large jars, provide more than 1,000,000 lbs. weight of food for consumption. The rivers, which teem with fish, are a source of great profit.

Brazil is, notwithstanding these advances, an almost uncultivated field of wealth. Its present produce consists entirely of raw substances. For manufactured goods, for which the exports of Brazil are more than sufficient to pay, she chiefly depends upon Europe, more especially on Great Britain and France. About half the export trade of Brazil is with our own country, and averaged in the five years ending 1870-1 the value of fourteen and a half millions sterling. The imports from England and France to Brazil together exceed the gross imports of the whole of the Spanish colonies. Woollen goods, soap, hardware, and coal come from England, and olive-oil, lamp-oil, and timber from France. Germany sends linen, iron-work, and arms. The United States supply tea, flour, coarse woollens, and cottons. Iron from Sweden, and wines from Spain and Portugal, complete the list of imports. Trade has been facilitated by the construction of railroads and by steam navigation; and the Brazilian government has made some progress towards forming a navy and mercantile marine.

Wonderfully as Brazil has advanced in recent years, various circumstances have retarded her progress. She suffers from a paucity of population, which no influx of emigrants has appreciably increased; and slave labour has only in a small measure remedied this drawback. Brazil has been kept back above all by the faults of policy derived from Portuguese tradition, and has never been able to understand the principle of unrestricted trade. Europeans, especially Germans, have been invited to settle, but legal interferences with the liberty of the colonists have driven them away again. An impolitic tariff furnishes nearly the whole revenue of the Crown, imports being charged with duties, amounting to more than a third of their value. This in a country without manufactures, not only denies to the people goods which they greatly want, but checks the development of their own resources. Another detriment to trade has been an abuse of the system of credit. Payment for exports was formerly required in advance, even before the crop was gathered, and the greatest confidence did not go beyond cash on delivery. Upon imports, on the contrary, credit extending over twelve months was demanded. Great risks were thus thrown upon foreign merchants, and not accepted by the merchants of Brazil. Heavy losses were in consequence sustained by foreigners, through the failure of Brazilian firms, and foreign houses now restrict their credit generally to bills at sixty or ninety days, or execute orders only for cash. It must be mentioned, in favour of Brazil as compared with various states of the American Union, that no public debt has ever been repudiated, nor has payment of the interest been delayed.

The present Emperor of Brazil is an enlightened sovereign, who, with the view of applying to his government the wisdom gained from experience and travel, has recently made the tour of Europe, diligently investigating the causes, both social and commercial, of the well-being of the various European states.

CHAPTER II.

SPAIN AND SPANISH COLONIES.

I.—SPAIN.

SPAIN played a double part during the wars of the French Revolution and the Empire. In 1795 the government withdrew from the coalition against France, and made peace with that country, and in the following year was coerced into declaring war against England. A terrible penalty was exacted by the British. The battle of St. Vincent, in 1797, crippled the Spanish navy, and left the South American settlements open to attack. Spain lost ships, treasure, and colonies, the last, however, being restored by the treaty of Amiens in 1802. The naval power of Spain, as well as that of France, was annihilated by Nelson at Trafalgar, in 1805. Napoleon invaded Spain in 1807 with a view to the subjugation of the Peninsula. English arms and gold maintained the contest until the French were driven back across the Pyrenees. A far severer calamity than even the devastations of the French, was the rebellion of Mexico, Columbia, Peru, Chili, and La Plata, against Spanish rule. Abetted by the democratic Junta at Cadiz, these colonies declared themselves free, and Spain was powerless to prevent their establishment as independent republics. Of its American possessions, Cuba and Porto Rico alone remained faithful to the mother country. Thus the narrow policy of thwarting colonial industry to maintain a state of dependence upon the home government confuted itself. Peace ensued upon the capitulation of Paris in 1814, but without prosperity. An excess of expenditure over revenue added yearly to the national debt, while the strength to bear it was continually lessened. The rich mineral resources of the country were neglected, manufacturing industry almost died out, and agriculture alone furnished a few scanty exports.

In 1833 Isabella II., by the will of the late king, was crowned Queen of Spain. This violation of the Salic Law was the cause of a civil war which lasted seven years. The revenue now no longer sufficed to pay the interest on the national debt, and public credit was destroyed. Money was raised by pledging the revenues of Cuba, Porto Rico, and Manilla. Church lands were sold, and stock was created at a considerable disadvantage. No attempt has been made to pay off some of these obligations, and Spanish bonds are at a heavy discount on all the exchanges of Europe, and Spain has retrograded actually as well as relatively.

Amóng most recent events in the history of Spain are the deposition of Queen Isabella, and the election of an Italian prince to the vacant throne. For a few years previously there had appeared a tendency towards improvement, both in trade and political administration, as well as in agriculture and manufactures. The national defences had been put on a better footing, and the finances had been so far regulated, that a recent war with Morocco was carried through without deranging the budget. The late revolution, with its political, ecclesiastical, and commercial freedom, gives some hope of further improvement. As yet the only manufactures of any importance are cotton, iron, and earthenware. The exports much exceed the imports in tonnage and value, evincing, in the face of a protective tariff, how unwisely Spain cuts herself off from the enjoyment of foreign commodities. The British Trade Returns illustrate this:—

	Exports to U. K.	Imports from U. K.
1868	£6,591,021	£2,757,510
1869	£6,346,741	£2,770,794
1870	£6,067,018	£2,513,177

The lawful commerce between Spain and England has year by year been reduced, owing in a great measure to the extensive contraband trade with France, which the late government was too weak to arrest, either by altering the tariff, or by enforcing the law. Commerce, still chiefly in the hands of foreigners, is slowly being undertaken by native enterprise. Shipbuilding is reviving, the vessels engaged, even those of native ownership, having been hitherto almost invariably built abroad; and an effort has been made to reconstruct a navy. The implements of husbandry and the tools of the artisans, have likewise been of foreign make, usually British. The mineral resources of the country are very far from being exhausted, although but little wrought. The chief are gold and silver, and, in greater abundance, iron, lead, copper, cinnabar, the ore of quicksilver, and salt. The two latter are abundant enough for exportation. Other exports consist of wool (in which hardly more than one-tenth the former trade is done), wines, fruits, olive-oil, esparto grass for paper-making, cork, and cattle.

The imports are colonial produce, woollen, cotton, linen, and silk fabrics, flax and hemp, spices, Peruvian bark, works of art, cabinet-work, hardware, glass, tin, and copper; timber, salted and dried fish, salted meat, butter, cheese, poultry, swine, and mules; these last from France.

Railways, introduced to some extent into Spain, have reanimated many of the towns, but none so completely as the important seaport of Bilboa, on the north-east coast. The trade of Madrid consists almost entirely of imports from the provinces, and from France and England. Barcelona is the commercial capital of Spain. It is the chief city of Catalonia, which is the centre of the cotton manufacturing interests, and the fear of the insurrectionary tendencies of the Catalans has hitherto prevented any modification of the heavy duties. Barcelona ships iron, copper, fruits, wines, and cork to America and England, receiving in exchange cotton, timber, hardware, dried fish, and wax.

Cadiz is the port for the great trade in sherry, which is principally consumed in the United Kingdom and in Russia. The average value of the wine exported annually from Cadiz, taking it at £30 a butt, is more than £2,300,000, and 78,000 butts were shipped in 1871. Sherry is named from Xeres, where the vineyard has gained such great celebrity that there prevails a common belief in the inferiority of every other site of wine cultivation. This idea is not well founded, for the merchants of Xeres purchase "must" from adjoining, and even distant vineyards, and high-class wines are also made at Port St. Mary. Malaga and Valencia complete the list of important Spanish ports.

II.—SPANISH COLONIES.

Cuba, the "Queen of the Antilles," is the most important Spanish colony. It has been viewed by many nations with longing eyes, and offers to buy it have been made by the United States; but the Spaniards, even when overwhelmed with debt, have resisted the temptation. Early in the present century the revenues of Cuba were the mainstay of Spanish credit. The advance of the colony since 1820 has been rapid. Its exports from that date down to 1840 were chiefly silver in greater quantities than from any other colony, coffee exceeding in value all that obtained from the rest of the West Indies, and tobacco. In return there was a great demand in Cuba for European goods. The prosperity of the island received an impetus from the immigration which set in from Mexico and South America, when the Spanish dependencies threw off their allegiance, and many wealthy Spaniards settled in Havannah. To these colonists the island owes the cultivation of the sugar-cane, and an extension of the growth of tobacco. The tobacco of Cuba is the finest produced, and, with sugar, now forms the staple of the plantations. There are several ports, of which Havannah and Matanzas are the principal. The exports from each consist of sugar, molasses, and tobacco. The total produce of the sugar-cane exported from the island in 1867 was 724,112 tons. England, France, and the United States are the largest buyers of Havannah tobacco, of which, in 1867, there were exported nearly 668,900 cwts., besides 199,027 thousands of cigars. Honey, wax, rum, coffee, silver, and copper are valuable, although minor, items of produce. British cargoes alone, outwards and inwards, entered, in 1864, at the two ports of Havannah and Matanzas, were worth £7,500,000. Besides textile fabrics, especially cotten and linens, the imports into Havannah consist of cod fish, jerked beef, and lard; flour and rice, wines, olive-oil, whale-oil, and coal. Hamburg and Bremen, and to a less extent Holland and Belgium, have commercial intercourse with Cuba.

Porto Rico.—The resources of this colony resemble those of Cuba. The chief productions are sugar, molasses, cotton, tobacco, coffee, rum, and hides. The West Indies compete with the East Indies in supplying the European demand for tropical produce. Sugar and tobacco, for which the soil and climate are more suitable, have been recently cultivated, in preference to coffee, which grows better elsewhere. To the produce of these staples, if skilfully cultivated, there seems no practical limit. The principal part of Spanish colonial commerce is in the possession of foreigners. It is better, however, that the profits should be thus distributed than that none should be made, for the world generally is benefited, and the colonies in particular. It is better even for Spain, for without native merchants it is only by this means that she can be supplied with the productions of her own colonies. The trade of Porto Rico is, however, monopolized by a few wealthy Spanish and American firms, who, as far as possible, prevent British interference.

COMPARISON OF THE TRADE OF PORTO RICO.

While the value of the imports in 1862 was £1,839,82 and of the exports £1,158,792, in 1867 the imports had risen in value to £3,000,000 and the exports to £2,000,000.

III.—SPANISH POSSESSIONS ON THE MAINLAND.

The territories on the Spanish Main continued to be under the dominion of Spain until the earlier portion of the present commercial epoch, when they shook off the Spanish yoke and became independent republics. Whilst under the power of Spain, the precious metals and gems were almost the only productions sought, and they continue to be the most important. The following summary of the yield of precious metals will account for the neglect of agriculture on the Spanish Main, many years after the West Indian Islands were in a flourishing state of cultivation:—

SUMMARY.

FROM THE YEAR 1701 TO THE YEAR 1809.

Province.	Value of Metals, in Spanish Piastres.	Total. Spanish Piastres.
Mexico—coined in the Mint	1,216,160,000	
,, not entering Royal Treasury	243,000,000	
		1,459,160,000
Peru	400,000,000	
Bolivia or Upper Peru	385,000,000	
Chili	78,500,000	
New Granada	229,000,000	
		1,092,500,000
		2,551,660,000

This gives an annual average for 108 years of about 2,360,000 piastres, or somewhat less than half a million sterling.

IV.—LA PLATA OR BUENOS AYRES.—ARGENTINE REPUBLIC.

While under Spanish rule maritime commerce with Buenos Ayres was inconsiderable. The trade was chiefly in hides, wool, and other products derived from the sheep and cattle, which had descended from animals originally introduced by the Spaniards. The present commerce of the Argentine Republic comprises exports of skins, grease, tallow, horsehair, horns, bones, bone-ash, salted meat, and still more recently *charqui* (jerked or sun-dried beef), which was first sent to the West Indies, and, with the extract of meat, has at length found a market in Europe. Many attempts have been made to utilise the flesh of the South American and other cattle, without much success; but the progress of scientific experiment gives us reason to hope that at no remote date the object may be attained of preserving meat in a fresh state during a voyage. The hides of La Plata fetch a higher price than those of Europe, owing, probably, to the climatic conditions which improve the drying. Some proprietors possess herds of cattle, numbering 20,000 head. There are, however, but few dairy farms. The number of animals at present reared in the united provinces of the Republic exceeds 17,000,000 of horned stock, 72,000,000 sheep, and about 3,500,000 horses and mules. Wool has hitherto been an unimportant product, but efforts having been made to improve both its quality and quantity, by the introduction of Saxony sheep, the exports are now considerable to Great Britain and France. The cultivation of wheat was, till recently, of little account, and much had to be imported from North America, but enough is now raised for home consumption.

The immigration of French and English settlers has greatly increased the commercial intercourse between their adopted and their native homes. England sends textile fabrics, mostly cotton and woollen, and ready-made clothes, iron, ship stores, hardware, tinned plates, coal, and beer. France sends silks and wines. Buenos Ayres, lately, has much increased its trade with Europe and the United States. The total value of its foreign trade in 1866 was not far short of £11,000,000, of which the imports were about half a million more than the exports. More commodities are imported from Great Britain than from any other country; the average annual value of the exports to Great

Britain is £1,500,000, and of the British goods and manufactures taken in return £2,400,000.

Uruguay.—The commerce of this pastoral and agricultural district is centred in Monte Video. The live stock numbers 8,500,000 head of cattle, 5,000,000 sheep, and 2,000,000 of other kinds. Its exports are like those of La Plata, but the hides are regarded as inferior, and seal-skins are added to the list. Vast natural resources remain undeveloped, owing to intestine commotions, from which the country has not been free since it achieved its independence. British goods form the bulk of the imports. They consist of cottons especially, and of fine and coarse pottery, hardware and cutlery, painters' colours, beer, and coal. Out of the total population of 126,000 in Monte Video in 1870, more than half were English, Italians, and other foreigners, and there has recently been a large Spanish immigration. The average value of the exports of produce to Great Britain in the five years ending with 1870 was about £1,250,000, and of the imports of British goods £1,000,000. France carries on a large trade with this republic, as does also the United States, the Netherlands, Hamburg, and Bremen, and its commercial importance increases, despite political drawbacks. The exports to the United States, in 1866, were valued at more than one and a half millions sterling, having doubled in four years.

Chili.—In the struggle for independence this republic obtained the advantage of a settled government several years before the other South American States. Its commerce increased after separation from Spain. Europeans were attracted to the country, and large stores of goods arrived at Valparaiso, which became an emporium, whence they were re-shipped to Lima and the ports of Mexico, or sent overland to Bolivia. English capital assisted in developing the resources of the country, and a suburb on the heights of Valparaiso is inhabited solely by English, North Americans, and French, in whose hands the foreign trade almost exclusively lies. Only nine vessels entered the harbour of Valparaiso in 1809. They now exceed two thousand annually. Of the products of Chili, England receives chiefly copper ore and *regulus* (or the ore refined), hides, and saltpetre. The produce received in England in 1870 was of a value little short of £3,000,000. Besides the commodities named, there are exports of cereals, guano, wool, tallow, also silver and tin ore, cotton, timber, indigo, fruits, vegetables, and sarsaparilla. Against these are imported European manufactures and colonial produce. Tea and silk from China were at one time imported, but the former has been superseded by *maté* or Paraguay tea. The silver mines were neglected during the years of insurrection, and when, after 1820, they were re-opened, the scarcity and high price of the quicksilver, used in extracting the silver from the ore, rendered the workings unprofitable. New sources of quicksilver have again directed attention to the mines of Chili, which are now systematically worked. Chili furnishes enough grain to supply Peru and Brazil. The discovery of the gold-fields of California and Australia has promoted the industry and trade of Chili, whose geographical position renders it a convenient emporium for those rich and important regions, to which it has exported provisions and vegetables in large quantities. Chilian horses are in high esteem. Some were shipped in 1842 to England and Hamburg, but the experiment was not sufficiently successful to create a traffic. Valparaiso is a victualling station for ships sailing to the Pacific ports. A railway now connects it with Santiago, the capital of the Republic. Ship-yards and bonded warehouses have been erected, and a regular steam service is established with Callao and other ports on the Pacific. The government is constructing a navy, and the Chilians are assuming an active share in their own foreign trade.

Peru.—Peru possesses above a thousand mines of gold and silver. Its fertile soil is well suited for the operations of the farmer, and especially for the rearing of cattle and sheep. The country, nevertheless, depends upon its supply of guano—the accumulated *excreta* of myriads of sea-birds —for the maintenance of an extensive foreign commerce. Much of Europe has been fertilised with this guano, while Peru itself lies nearly wild and waste. Agricultural implements are still but partially used. A rude and scanty tillage is unaccompanied with the use of manure, while heaps of refuse in the towns infect the air. Manufactures, even if they deserve the name, are of the coarsest description, and none can be called national. Mining was abandoned in 1820, and although British enterprise partially revived this industry, the circumstances of the country prevented its success. Peru was a loyal possession of the crown of Spain, but was forced to become independent, and the subsequent quarrels between rival factions have almost ruined the country. Domestic slavery still lingers in Lima, but the old spirit of servitude has decayed. A trivial yield of cotton, sugar, and coffee remains as a relic of the industry of the eighteenth century. Nevertheless, some progress is being made. Guano has proved a source of wealth to Peru, and the riches derived therefrom seem to have inspired the inhabitants with the desire for improvement. From 1845 to 1870, Great Britain alone imported four million tons of guano, chiefly from the Peruvian islands, valued at nearly £47,000,000. Industry is foreshadowing the revival of trade. The rich mines of Pasco yield a greater amount of silver, and others are being again opened. Quicksilver, tin, copper, iron, lead, cobalt, and sulphur are obtained in various places. Saltpetre is found along the Pacific shores. Salt is collected from the *salinas*, or salt-ponds, near Callao. The alpaca is bred for its wool, which, with the wool of the llama and the sheep, as well as their skins, is, next to guano, the most valuable export from Peru. The vast forests yield cinchona or Peruvian bark, sarsaparilla, copaiba, caoutchouc, resin, and gum; cedar and mahogany, and the bark of the latter with Brazil wood, logwood, and annatto for dyes, while cotton, rice, maize, tobacco, chinchilla furs, cochineal, and spirits, are less important items of export. Sugar is sent to Mexico, New Granada, Ecuador, and Chili. The value of the exports to the United Kingdom in 1870 was nearly £5,000,000, an increase of more than £3,000,000 over their value in 1802. The export of British produce to Peru in 1870 was of the value of £1,760,000. The aggregate value of the import and export trade of Peru in 1866 was about £22,000,000; more than two thousand vessels enter and leave the port of Callao yearly.

Bolivia or *Upper Peru*, thus named in honour of its president, Bolivar, obtained its independence in 1821. Its prosperity sank rapidly during the years of insurrection, and frequent revolutions since have caused continued injury. Potosi, which possesses the richest deposit of silver in the world, has declined in population from one hundred and thirty thousand to less than ten thousand inhabitants. English capitalists have tried in vain to revive the mining works, the proprietors of which have been driven from their property by the persecutions of successive governments. Scarce a forge is now at work of the many scores which were busy before the revolution. Nature has denied to the Republic the facilities of commerce in cutting off the habitable parts of the country from the sea-coast, by a line of precipitous mountains and a sterile desert. Difficulties which in many States would have been met and overcome, have been increased by the bad policy of the Bolivians, who have allowed their name to disappear from the markets of the world.

The resources of Bolivia resemble those of Peru. Cocoa, sarsaparilla, vanilla, copaiba balsam, caoutchouc, and a kind of cinnamon grow spontaneously. Cotton, rice, tobacco, indigo, and drugs also grow with little labour. Fine timber for shipbuilding and every economic purpose abounds in the forests which reach down to the river banks, whence are also obtained products from which aromatic and medicinal principles are distilled. The dried leaf of the *coca* (*Erythroxylon coca*) is universally chewed. A twelfth part of the revenues of Bolivia are drawn from the impost upon this leaf, of which ten million pounds are said to be prepared every year. Gold grains are abundantly carried down by the mountain streams, and there are many silver mines besides those of Potosi. In the high mountains, at a distance from the coast, are found large masses of virgin copper, which the difficulties of transit render useless. Ores of lead and tin are common, as well as saltpetre, sulphur, and salt.

Self-debarred from interchange, the Bolivians are obliged to manufacture their own clothing. Coarse, strong textures of cotton are made by the Indians, and the llama, alpaca, and vicuña furnish wool for cloths and hats. Their exports are limited to the precious metals, nitre, cotton, the woollens and wool of the vicuña, alpaca, and llama. The trade is conducted almost exclusively by Germans, the English being shut out from any direct interchange, except at the port of Cobija. Our imports from Bolivia are under £200,000 a year in value.

Paraguay.—The republic of Paraguay gives name to one commodity, almost its only export, viz., Paraguay tea, or maté, which is extensively used throughout South America. Paraguay was early independent, but under the absolute dictatorship of Dr. Francia, who governed the republic from 1814 to 1840, commercial intercourse was put an end to, and an exclusiveness maintained more jealous than that of China, and more rigorous than the continental system of Napoleon. Before this period the chief exports were maté, timber, sugar, cotton, tobacco, and hides. To Buenos Ayres there were sent eight million pounds of maté and one million pounds of tobacco, besides cotton, sugar, molasses, and rum. These substances, besides coffee, cocoa, maize, rice, indigo, and manioc, still form (or until a recent period have formed) the chief natural resources of the country. With security to life and property Paraguay might become wealthy and prosperous. Prior to the recent war, the government was in the hands of President Lopez, but the subjugation of the country after a protracted struggle by the united forces of Brazil and the Argentine Republic, appears to be complete. It is impossible to foresee with any certainty what may be the results of this contest in a commercial point of view, but it is probable that the opening of the great rivers Paraguay and Parana, by which the territory of Paraguay is enclosed on either side, will not be long delayed. The forests of Paraguay supply valuable timber, dye stuffs, drugs, resins, and gums, and within their retreats innumerable wild bees furnish honey and wax. Fine rivers form the highways of communication with Bolivia and Brazil. The mineral resources are not well known, but appear to be scanty.

Colombia or *New Granada.*—When the vice-royalty of New Granada separated from Spain in 1819, it assumed the name of Colombia. After varied political fortunes the State resolved itself into the three Republics of New Granada, Venezuela, and Ecuador or Quito. The first named of these forms at present a confederation of States, ten in number, known as the United States of Colombia, or the Confederation of New Granada. Revolution has spared these States no more than the rest of South America. Their industry and trade have not recovered from the shock which in a few years destroyed almost all the capital of the country, but New Granada and Venezuela have begun to give evidence of a commercial revival. A considerable quantity of silver and a fair amount of gold were formerly obtained from these regions, and recent reports in reference to Venezuela show that the produce might even now be relied upon with assurance of profit. The productions of New Granada are very varied, owing to the diversity of its soil and climate. Progress, however, has always been rendered difficult by physical obstacles and a sparse population. Impassable marshes, and mountains so rugged that merchandise can only be carried on the backs of men, separate the productive parts of the country from the seaports. The marshes are pestilential, so that colonists fear to settle, although offered many inducements to do so by the government. Before 1800 cacao, indigo, and tobacco were cultivated for export, and were exchanged for provisions, soap, and candles from the United States, and for cotton and linen stuffs, chiefly from England and France. The value of the exports to Great Britain in 1866 from New Granada was £1,542,660, while the imports were nearly £3,000,000. But the trade has declined in the last four years. Balsam of Peru, cascarilla and Peruvian barks, caoutchouc, cocoa, coffee, cotton, divi-divi, fustic, straw hats, hides, indigo, logwood, Nicaragua wood, sarsaparilla, corosso or vegetable ivory, orchil, and tobacco were the most important constituents of this commerce from the vegetable kingdom; cochineal, mother-of-pearl, shells, tortoiseshell, sheep and alpaca wool, from the animal kingdom, while copper and silver ore were the chief minerals. The British goods sent in exchange consisted of malt liquors, candles, coal, cottons, earthenware, glass, hardware, gunpowder, iron, linen, machinery, plate, jewellery, silk, soap, and woollen goods. Since 1862 the development of the country has been rapid, the value of its commerce having more than doubled. With a settled government and a judicious tariff these regions would become prosperous. Besides the minerals already exported, there are vast unworked stores of gold, platinum, cinnabar, copper, lead, iron, and rock-salt. Grain and sugar, objects of culture introduced by Europeans, grow with a vigour in some cases greater than in their native habitat.

Central America.—There is a considerable transit trade across the isthmus, between the ports of Panama. A canal connecting the Atlantic and Pacific Oceans would be a boon to most commercial nations, and especially so to Nicaragua. Engineering difficulties, and questions of expense, as well as of state rights between England and the United States, have long kept this project in abeyance. The natural resources of the five republics constituting Central America are very considerable. Various metals abound in the mountains, whose diversities of elevation allow of the growth of plants of every zone. Central America exports sugar, coffee, cotton, soda, cochineal, and indigo; of the first-named commodity, although not introduced till the year 1811, it is now a considerable source of American supply.

The value of the exports to the United Kingdom in 1870 was a little over £1,000,000, of which the two chief articles were coffee and indigo. The value of the British exports to that quarter was a trifle more than £360,000.

Mexico.—Mexico, the most important of the Spanish possessions, had well-conducted manufactures and a flourishing commerce before the revolution, but since that event continuous political convulsions have disorganized industry. Owing to bad government the country has been infested for many years with hordes of robbers, till the inhabitants have lost all sense of security. Many rich mine-owners and manufacturers have, therefore, removed their capital and skill to Cuba and Porto Rico. Mining has been much neglected, and every division of industry has received a check. With gold and silver, copper, iron, lead, tin, antimony, and zinc, only awaiting the working in order to fill the treasury of a mighty state—with carbonate of soda and mercury at hand to facilitate the separation of the silver ore, Mexico is nevertheless deeply in debt. Every effort of the English to improve the working of the mines has been thwarted. The miners were compelled to work armed with revolvers, and a government convoy of foot and horse with artillery, was required to protect the gold in its transit to the coast. In the opinion of Humboldt all the plants that will grow between the poles and the equator can attain perfection in Mexico.

In the disturbed state of the country, however, the produce for export has been much reduced. When capital had disappeared the government levied high duties upon imports, and the result, as might have been foreseen, is that the country has suffered a double deprivation, in a diminished home demand for imports, and necessarily of foreign demand for exports in exchange. At the beginning of the nineteenth century the maritime commerce of Mexico had reached an annual value of between seven and eight millions sterling. Fluctuations both in exports and imports have since taken place with the varying fortunes of the country, the exports being the most affected. The whole commerce with the United Kingdom in 1865, when the country gave some hope of settlement under the short-lived rule of Maximilian, was valued at about five millions sterling. In 1866 it fell to a million and a half. The exports from Mexico accounted for this difference being over three millions in 1865, but with the return of anarchy, only about a quarter of a million in 1866. Our aggregate trade imports and exports with Mexico are scarcely more than a million in value. Seven-eighths in value of the exports of Mexico consist of gold and silver. The other constituents are fustic, logwood, Nicaragua and other dye woods, indigo, mahogany and other furniture woods, hemp, jalap, sarsaparilla, vanilla, tobacco, hides, cochineal, and salt meat. The commerce is carried on in foreign bottoms belonging to the United States, England, France, Bremen, and Hamburg.

Texas became one of the United States of America in the year 1846. Prior to this date it was nominally a part of Mexico, of which republic it had, however, declared itself independent in 1836. Texas occupies a varied surface of mountain and prairie equal to the combined area of France and the British Islands. Many colonists from the United States have settled in the country, and cotton has since been the principal product raised, forty thousand bales having been shipped for exportation in 1840, and one hundred thousand in 1865, of a quality little inferior to that of Sea Island. The country is thickly timbered, and cattle breeding and sheep raising have greatly increased, its pasturage being the finest in the world. Wheat, Indian corn, and sugar are largely produced.

Texas is believed to be rich in the useful minerals. Hides and horns are the chief contributions from the animal world towards its commerce, which at present is only in an incipient condition, yet increases very promisingly.

CHAPTER III.

I.—THE NETHERLANDS.—HOLLAND AND BELGIUM UNITED.

THE wars of the French Revolution form a disastrous era in Dutch history. Holland was subject to France from 1795 to 1813. At first organized as the Batavian Republic, its constitution was changed in 1806 to that of a subordinate kingdom, and in 1810 it was incorporated with France. During the whole period, the inhabitants were subjected to the most exacting levies, and their commerce was the prey of all the enemies of France. England took possession of both their commerce and their colonies. Home industries decayed for want of capital, and credit departed. Grass grew in the streets of Amsterdam, and its harbour was empty. English men-of-war blockaded the island of Texel. The East India Company lost its ships and its trade, and was dissolved, and the National Bank closed its doors. Many merchants withdrew their wealth and connections from their native land to places abroad, where they could trade in peace. Government securities sank low in value, while the prices of food and of all the necessaries of life were augmented. We may justly ascribe these sufferings to the forced connection with France, as there was little that was unsound in the Dutch commercial system.

By the treaty of Amiens, in 1802, the Dutch settlements in the East and West Indies and Africa were restored, with the exception of Ceylon, which was retained by the English. The peace, short as it was, stirred up a busy trade. Dutch ships again sailed on every sea, and Amsterdam was filled with foreign goods. During the one year of peace, 3,548 vessels entered the port, while 1,786 anchored in the Maas. An observer of the period speaks of the development of industry as incredible, and of the resources of the republic as gigantic, and beyond expectation. Even the herring-fishery, which had drooped for many years, was partially revived; as many as one hundred and sixty-eight boats being engaged in it this year. War between Great Britain and France began again in 1803, and again Holland had to pay the penalty of alliance with her powerful neighbour. Dutch merchantmen in the English harbours were seized, and the Indian cargoes from the east and west reached European waters only to be captured. The bright hopes of returning prosperity were destroyed. Holland was left with a trivial commerce, carried on in neutral bottoms, which, while it brought the Dutch only small and secondary profits, laid open their foreign trade to the knowledge of neutral ship-owners. Napoleon put an end to even this relic of commerce by his Berlin and Milan decrees (1806 and 1807).

Independence was restored to Holland in 1814, under a Prince of the House of Orange. By the Treaty of Vienna, the Belgic provinces were united with the Batavian into a single kingdom, and once more the Dutch regained the best of their eastern colonies. England, however, kept possession of Cape Colony, Berbice, Essequibo, and Demerara; but as a compensation, paid the cost of a line of fortifications, which defined the boundaries of the North and South Netherlands.

Unfortunately, the interests of the two divisions of the new kingdom were found to be antagonistic. Manufactures formed the basis of Belgian wealth, while Holland trusted mainly to commerce. Dutch commerce was essentially free and unrestricted; Belgian manufacturers favoured the principle of protection. Compromises were tried, which carried out neither principle completely, and consequently satisfied neither interest. On the occurrence of temporary depression in the trade of Belgium, a new tariff was devised imposing heavy duties upon foreign manufactures. This measure was of doubtful advantage to Belgium, but it materially lessened the profits of the Dutch. The Flemish Provinces had benefited by union with France, for, as a part of the Empire, their manufactures had been fostered by the government, and had been allowed to enter France free of duty. Now this community of interests was destroyed. France, the great customer for Flemish products, was again a foreign power with distinct interests of her own, and with a disposition to protect her own manufactures. Union with Holland was not, therefore, satisfactory to Belgium, nor indeed had the wishes of the Belgian Provinces been much considered in the alliance. Holland, nevertheless, endeavoured to conciliate her new subjects. The king set the example of investing liberal sums in Flemish industries, encouraging his Dutch subjects to do the same. Capital flowed into Belgium, and various manufactures were greatly developed. A market for cottons, linens, woollens, coal, iron, metals, and leather was found in Holland, and the increased demands made by the colonists for European manufactures, gave a further impetus to the Flemish looms and mines. Commerce again flourished at Antwerp, and Ostend became a busy sea-port. By the year 1824, every division of labour had attained prosperity, and separation from France was in a commercial sense more than counterbalanced.

Holland in comparison throve less rapidly. Commercial relations abroad had been severed for so many years, that they were difficult to renew; many having been permanently transferred to England, especially those with the Indies. Customers for Indian commodities were never wanting, but the profitable cinnamon trade of Ceylon was lost, and the produce of coffee, sugar, and spices was also, for some time, very small. By the loss of her marine, Holland was no longer the great carrier of Europe, and many of the states of Europe, even Russia and Spain, were now employing their own ships. The growing importance of Ostend and Antwerp retarded the progress of Amsterdam and Rotterdam. Hamburg and Bremen, too, had acquired a large share of the commerce lost by the Dutch. After all the Dutch had suffered, there still remained rich men in the kingdom, who readily embarked their capital in any enterprise which promised profit. Traffic with various parts of Germany sprang up, and new openings for trade were sought elsewhere. In the year 1824, the Dutch Commercial Association (Nederlandsche Handels Maatschappij) was founded for the restoration of commerce, navigation, and manufactures. Its statutes were revised in 1827, when its capital was reduced from thirty-seven to twenty-four million guilders. This corporation was under the management of five directors, and twenty-seven commissaries or inspectors. Its chief success was in the market it made in India for Flemish manufactures, but it struggled at a disadvantage against the competition of the English. In the tea trade with China it met with large losses, and its early success was considerably checked, but by the year 1830 it had made its beneficial influence felt both in home industry and colonial trade. In this year calicoes to the value of £555,000, and other home manufactures in proportion, were purchased by the Association for export to India.

The union between the North and South Netherlands lasted only fifteen years. The latter revolted in 1830, and became an independent kingdom, under the title of Belgium, a name derived from that of the ancient inhabitants of Flanders and Northern Gaul. For convenience the designation of Belgium has been used previously, but it properly dates only from this period. The Dutch had yielded much to their neighbours, even to the sacrifice of their old commercial principles of freedom. Belgium had profited by the union more than Holland, but discordant elements, both commercial and religious, were always at work, and they jarred the more with every compromise.

To William I., the King of Holland, is chiefly due the prosperity attained by the Netherlands while they were united. By personal efforts and by legislation he raised the fallen industry of his people. His accurate knowledge of the nature and laws of wealth enabled him to foresee results, so that his policy enriched his subjects, and left them a productive inheritance. He furnished directly or indirectly the capital which gave new hopes to Flemish manufacturers, constructed new canals to facilitate communication, and guaranteed the interest of the Commercial Association without which that body would have succumbed under its early difficulties. He did these things at a time when the Indian colonies were a burden rather than a profit. His Indian policy is worthy of all praise, for by the introduction of a system of plantation-culture, he gave rise to that abundance of colonial produce which has since formed a large item in Dutch commerce. In pursuit of this object he expended large sums annually from his own income, without any reward beyond the confidence that the next generation would reap the benefit.

II.—HOLLAND AFTER THE SEPARATION.

The commercial history of Holland since 1830 bears chiefly upon colonial policy, and the system of plantation-culture which has made Java a most important possession. Previously to 1830, the native chiefs had exclusive rights of cultivation. They sold the produce to the Dutch, who merely acted as factors for the European markets. Exchange between the planters and the merchants was effected for the most part by native middlemen who obtained a considerable part of the profits. The arrangement was complicated, and added so much to the cost of production that neither Java nor Holland reaped the full advantages of the trade. Java, like many other of the Indian possessions of Holland, was deeply in debt; and at the same time it was difficult to incite the Javanese to improve their cultivation or to teach them the principles and use of the Dutch implements of husbandry. Governor Van den Bosch assumed a more active share than had been customary in the administration of this fertile island. He conciliated the inhabitants by securing their rights to the produce of their lands, and by lessening the levies made upon them by their own chiefs. He required in return that one-fifth part of the soil should be devoted to the growth of commercial commodities, and that the yield should be increased by improved methods of cultivation. He originated an industrial organization of the villages, whereby a certain number of the natives were set apart to cultivate the government lands, while another portion attended to the transit of the produce to the shipping port. This produce contributed the main revenue of the colonial administration, and was accepted in lieu of the former imposts of land, rent and taxes. In 1831 he planted fifty million additional coffee-trees. Sugar and indigo, the cultivation of which, especially of the former, required large capital, were also fostered. European and Chinese capitalists readily invested their money in these enterprises, and their confidence in the governor was well placed, as may be seen by the results of the first ten years :—

EXPORTS FROM JAVA.

1829.	Coffee,	375 cwts.	1839.	1,000,000 cwts.	1869.	1,102,953 cwts.
,,	Sugar,	98,500 ,,	,,	1,000,000 ,,	,,	3,299,000 ,,
,,	Indigo,	46,369 lbs.	,,	850,000 lbs.	,,	577,163 lbs.

Van den Bosch employed the natives as overseers of the plantations, the Dutch as instructors only. Thus while conferring a benefit upon the Javanese, whose services he was utilising, he made it their interest to improve in skill and industry, and to increase the resources of the island.

His care to avoid wounding their honour, or rousing their jealousy, was as admirable as it was judicious, when we consider that the Dutch numbered only twenty thousand to about twelve millions of natives.

The policy inaugurated by Van den Bosch was pursued by successive administrators. Many Chinese traders visited the ports of Batavia and Samarang, with the raw produce and coarse manufactures of their country, in order to obtain the pepper, betel-nut, beeswax, edible birds' nests (built by a kind of swallow, *Hirundo esculenta*), sharks' fins, rhinoceros and buffalo horns, and hides, of Java. The presence of the Chinese led to the cultivation of the tea-plant, which succeeded, and has of late furnished large consignments to Holland. This introduction of tea into Java is an example of the extension of a growth which had been long entirely local. Owing to similar extensions, Ceylon has lost its exclusive possession of the cinnamon, and the Moluccas that of cloves and nutmegs. Success has followed also the introduction into Java of cinchona or Peruvian bark, from which the valuable drug quinine is extracted. The rearing of silk-worms resulted in a large produce of silk, and cochineal for dyeing became a regular export, but is now abandoned by government as unprofitable. Java produces likewise tobacco, rice, and pepper, arrack or rice-spirit, and the minor products of ginger, cardamoms, cubebs, turmeric, caoutchouc, cajeput oil, rattans, and teak timber, all of these commodities of much value and importance to Holland and to Europe generally. Batavia is also an emporium where the produce of other East India islands is warehoused before transhipment to Europe. Java was no mean rival to Brazil in supplying the European markets with sugar and coffee. The indigo and silk went chiefly to the German manufactories. Javanese exports show a remarkable increase during the period under review. In 1831 the total exports were valued at 14,500,000 guilders; in 1836, at 41,000,000;

and in 1869, at more than 76,000,000. The English imports, which are small compared with the Dutch, equalled, in 1866, the total exports from Java in 1831; and the Dutch imports in 1851 equalled in value the whole of the Javanese exports in 1836. Trade would have shown even greater results, had it not been hampered by jealous restrictions, which were in contrast to the general freedom of Dutch trade. The direct trade of the United Kingdom with Java is only about £1,000,000 annually. This branch of Eastern trade imparted vigour to every department of Dutch industry. Rotterdam and Amsterdam soon took the lead of Bremen and Hamburg, and Dutch ships could scarcely be built fast enough to keep pace with the increase of commerce. Such activity had not been known in the Dutch dockyards and harbours for many years. Holland again became the emporium of European produce for export to the East, and the wealth thus accumulating spread over the country. The dairy farms and luxuriant pastures felt its influences, and blessed the land with abundance. Belgium had shut herself out from these advantages, although some portion of her manufactures went to Holland, such as cloth, linen, and leather. Factories were built in Holland for cotton-spinning and weaving. These manufactures, however, have never really thriven, and have been influenced adversely by every depression in trade, and been slow to recover.

If we picture the previous condition of Holland, the vastness of this social change may be better appreciated. Large sums had been spent in the conflict with Belgium. Money grew scarce, and the rate of interest rose high. All the necessaries of life were abnormally dear. Tradesmen and manufacturers were impoverished, and the labouring classes, with wages nominally higher than in the nations around, obtained fewer necessaries for them. The war imposed new burdens on the country, already overburdened with heavy taxes. The amount of the national debt was for a long while kept secret. When it was made known the

Dutch were appalled at its magnitude, and saw no possibility of keeping faith with the public creditor. In 1844, a patriotic loan of 127,000,000 guilders at 3 per cent. saved the credit of the nation, just at the moment when there appeared no alternative but to suspend payment of the interest of the debt.

This was the state of affairs when Van den Bosch increased so greatly the profits of the East Indian trade, the growth of which dispelled financial fears, relieved the mother country of contributions for the support of Java, produced a surplus revenue that cancelled the colonial debt, and also assisted the home finances. It further provided 100,000,000 guilders for the construction of a complete system of railways, a mode of communication with which Belgium and other states were already provided. Under these happy auguries the national debt, since 1850, has sensibly diminished. Although the Javanese ports are open to the ships of all nations, the tariff and port dues are made to favour the Dutch. The Netherlands Trading Association rule the markets, and charter their competitors' ships in order to keep the fleet exclusively Dutch. It has thus become profitable in Holland to build ships for the purpose of letting them out for hire, especially as only Dutch-built vessels are allowed in the fleet. The Dutch mercantile marine has increased in number and tonnage, commensurately with the growth of this splendid trade. No industrial efforts can furnish home manufactures enough to supply the demand of Java for European goods. The Netherlands Trading Company, therefore, collect in the ports of Holland fabrics from foreign sources for transmission to Java, and protect their intercourse with the island by differential duties in favour of goods brought in Dutch ships, which would otherwise soon be driven from the field. The value of the export trade to Java may be estimated by the percentage it bears to the whole commerce of Holland. Of cotton goods 97 per cent. are sent to the Indies; of linen 62 per cent., while in value the Dutch supply the Javanese with 9,000,000 florins' worth of cotton fabrics as against 12,000,000 by other commercial nations. In the collection of revenue the Dutch rulers have not unfrequently been grasping, and therefore unpopular. Native risings have been frequent, and costly forces are required to keep the island in subjection. Plantation culture has not been continued with the justness contemplated by its originator. Regents, as the native superintendents are called, have often proved tyrants, and collusion between them and the "Residents" (or Europeans, whose duty it is to advise), has resulted in the frequent oppression of the natives without the knowledge of the Governor-General. In fact, the system of compulsory labour needed, according to Dutch ideas, in a semi-barbarous country, is but a modified form of slavery, which even if merely provisional cannot prevent inherent tendencies to abuse. The Netherlands Company has become a rich corporation, through its monopoly. How exclusively its privileges are maintained may be judged from the fact that while Java received from the United Kingdom, in 1866, goods to the amount of £1,730,997, the canes, caoutchouc, hides, pepper, rice, and sugar sent in exchange only reached the sum of £8,152. There are two parties in Holland holding opposite views regarding the policy to be pursued in the government of Java.

Dutch free-traders wish to abolish forced labour in the colony. They demand that more harbours shall be thrown open to trade, and that the system of differential duties, through which the Dutch commerce is favoured at the expense of foreign traders, shall cease; and that colonial shall be as unrestricted as home commerce. They finally desire that the company shall be deprived of its monopoly of Javanese produce. Dutch protectionists at home would gladly put an end to forced labour and the oppressive power of the Regents; but to invite foreign merchants into the Javanese ports appears to them an unwarranted extension of duty to one's neighbours. "It would be loving them better than ourselves," they say, "for we should lose our trade, and ruin both the colony and the mother country for the benefit of foreigners." Great success has resulted from the present system of exclusiveness, and the natural repugnance to change from a certainty to an uncertainty is difficult to overcome by any amount of reason and argument. The Dutch nevertheless are considered to be shrewd, impassive bargainers, and there seems no reason why they should be beaten in their ports abroad. They do not suffer in their ports at home, for they have already gained advantages over other nations better favoured by nature, and acquitted themselves well in free competition.

The Dutch settlements in America (Surinam, &c.) have decayed from their former importance. Self-government was granted to them, and the emancipation of slaves carried through; but those colonies are unprofitable and expensive possessions for the mother country. The Dutch possessions on the coast of Guinea were a burden for Holland, yet an association for commerce on the western coast of Africa is thriving. Quite recently the authority of the Dutch over several stations on the West Coast has been transferred to Great Britain, not, however, without some vehement opposition in the legislatures of both countries.

The decimal system of weights and measures introduced by the French was continued after 1814, and in 1870 the use of the systematical denominations became imperative.

In 1844 the old Dutch coinage was withdrawn from circulation, and a simpler system introduced with a silver standard.

III.—GENERAL COMMERCE.—INTERNATIONAL TREATIES.

Treaties of reciprocal commerce have been signed by Holland since its separation from Belgium with the following States:—

1839	United States.
1840	France and Turkey.
1842	Sardinia and Belgium.
1843	Texas and Greece.

Holland, which, in order to appease Belgium, had given up her ancient free-trade principles without strengthening the bond between the two countries, was at liberty after 1830 to revert to her former policy. The revenues derived from Java diverted attention for a time from the amendment of domestic commerce; but revisions of the tariff took place in 1845, in 1850, and 1854. Each of these revisions was more liberal than the preceding. Tonnage dues were lowered, and the tolls and navigation dues upon the Yssel and Rhine were repealed. Every nation ready to act on similar principles was placed on a footing of equality with the Dutch themselves. The ruin which, according to some, threatened Dutch prosperity, has not yet arrived. Holland survived the monetary crisis of 1866, when confidence was lost throughout Europe, and the interest of money was 8 per cent. in Amsterdam; when shipbuilding was brought to a standstill, and colonial trade collapsed; when war was raging in Germany, and the scourges of cholera and cattle plague were afflicting man and beast. Holland emerged from these calamities with credit unimpaired, and without the heavy losses which befel England.

Except for this brief period, the progress of the Dutch as a separate nation has been continuous, and their commerce is reaching its former world-wide dimensions. Husbandry, handicraft, and commerce react upon each other, and are all flourishing. The depth of the alluvial soil and the excellence of the system of tillage render Dutch farms extremely productive. Butter and cheese are the chief products of husbandry. Cereals (especially oats and pulse), potatoes, and madder are largely grown. Prodigious quantities of dairy produce, and also cattle in great numbers, are sent to England and elsewhere. Every variety of raw material from foreign and colonial sources, with wrought fabrics and metal works, chiefly from England, fill the warehouses of Amsterdam. Much of this is for exportation, as, for example, sugar, which in 1866, apart from that entered for home consumption, was reshipped to the extent of over eighty-two millions of pounds. The aggregate burden of the vessels required to carry on the import trade of Amsterdam exceeded four hundred thousand tons in the year 1866, and about the same tonnage was needed for the exports. Dutch steamers are employed in the trade with all foreign states, except that with Great Britain, which is carried on almost exclusively by British vessels. Manufactures are in various instances able to compete with those of the most favoured countries. Dutch rope and sail-cloth are highly esteemed, and employ many of the inhabitants of the provinces of both North and South Holland. Schiedam is computed to use one hundred and fifty thousand quarters of grain yearly in its great distilleries. Manufactures of paper, sugar, and tobacco, the last chiefly for Germany and Switzerland, constitute a very important item of wealth. Nevertheless Holland ranks higher in its commerce and agriculture than it does in its manufactures, many of which are specially protected for the trade to the East Indies.

Industry is the good genius of Holland. "There are few criminals and no beggars," is the general observation of travellers. With fewer advantages, the Dutch, from the earliest periods of history, have done more than any other nation for the development of every division of labour, the civilising interchange that flows therefrom, and the spread of the true principles upon which human prosperity is founded. "Nowhere is long-established political and religious freedom more highly prized, popular education more nearly universal, regard for law and order more profound, the rewards of industry more widely shared, the necessaries of life more abundantly secured, and the blessings of civilisation more equally diffused than among the self-reliant children of Europe's Netherlands."*

IV.—BELGIUM.

The severance of the two Netherlands in 1830 was sought by Belgium, against the will of Holland. The union had been brought about by the great powers, without sufficient regard to the little community of sentiment which existed between the Dutch and the Flemings. Free trade was from the first an instinctive principle with the Dutch. The Belgians craved protection for their native wares. To widen the difference, the Dutch were chiefly Protestants, while the Belgians were Roman Catholics. Politically, there were strong reasons for Belgium to desire union; but sentiment overpowered the sense of material advantage. Short as was the war of the Revolution, Belgium suffered severely and long from its effects. Antwerp was bombarded, and property destroyed to the value of 8,000,000 guilders. The Dutch struck a severe blow at the trade of Belgium by closing the mouths of the Scheldt and the Maas, the two principal rivers of the seceded provinces, but whose estuaries were in Holland. This especially injured Antwerp, whose progress during the union had been so rapid as to threaten to outstrip Rotterdam and even Amsterdam. Antwerp was thus, until the peace in 1839, cut off from all direct river communication with the sea, but has since shared in the steady improvement which has marked the kingdom of Belgium since its establishment. Dissevered from Holland, the new kingdom strangely took for its device "L'Union fait la Force." Secession from Holland brought also in its train the loss of commercial intercourse with the colonies which were exclusively Dutch, and to which

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* "Industrial History of the Dutch." By W. Torrens M'Cullagh.

Belgium had once exported vast quantities of wrought cottons and other goods. Many of the shippers assumed the Dutch flag for the sake of this trade, and a number of manufacturers of Ghent, the great seat of cotton industry, transferred their capital to Holland. The resentment of the Dutch for many years interposed an additional barrier to friendly dealings. The capital invested in Belgian enterprise was withdrawn, and much of the trade between the two countries entirely ceased. Such was the case with coal, which the Dutch formerly obtained from Belgium, but now receive from Germany. Belgium had also to assume a considerable portion of the Dutch debt, amounting to 83,000,000 guilders, and an annual contribution of 400,000 guilders. Thrown on its own resources, the little kingdom did not despond. It possessed many countervailing advantages. It had the densest population in Europe, so closely packed that Philip II. once exclaimed of the country, "This is but one great town." Its roads and canals were admirable and numerous, and rendered carriage everywhere easy. To these means of communication was added a well-devised railway system, carried out with skill and economy, under the control of the government, at a time when England was wasting enormous sums over railway schemes devised on no regular plan. The people were happy in their king and government, for although there could be little national feeling amongst races that differed in their origin and language, and had been governed by foreign powers for several hundred years, yet the new constitution was well administered, and the reigning prince devoted himself to the prosperity of his adopted kingdom. The sentiment of loyalty implanted by the king has taken root, and the people are now as proud of being Belgians as once of being inhabitants of Bruges and Ghent. To meet the deficiency of capital, the government instituted a society (Société Générale de Commerce), with powers to make advances for carrying out industrial objects, and also founded a national bank. By these means new undertakings and manufactures, some of an extensive nature, were encouraged and sustained. A series of reverses occurred in the years 1837 and 1838. Numerous mercantile failures took place, a brief panic ensued, and the Belgian Bank suspended payment. The resources of Belgium were happily too sound and certain for the national prosperity to be permanently injured. The crisis stimulated the people to seek new routes for trade. Commercial intercourse with France was gradually resumed, and in the course of a few years this trade was nearly equivalent to all the rest of the foreign traffic of the country.

Commercial intercourse arose with Austria, the shipments being chiefly cloth to the port of Trieste, for further consignment. Belgian vessels visited the distant empire of Brazil, and the English settlement of Singapore; but very little profit appears to have resulted from these ventures, as a commercial treaty with Brazil was not considered worth renewing in 1841, and the intercourse with Singapore has fallen off.

Time soothed the ill-feeling between Belgium and Holland, and a renewal of commercial intercourse benefited both kingdoms. Cloth, coal, iron, metals, glass, and furniture, were taken by the Dutch; the Scheldt was again opened to vessels of Antwerp; and a treaty of commerce was concluded between the two kingdoms, whose relations continue to be altogether amicable.

In husbandry and its connected manufactures, the cultivation of flax and the making of linen rank first in importance. To increase the growth of the fibre and to seek the most improved modes of its manufacture, are objects of solicitude with the government. Extensive mills, with the newest inventions in machinery for spinning flax, were erected as early as 1834, and the industry expanded every year, till 40,000,000 lbs. of the fibre, of the value of 25,000,000 florins, are annually produced. Three-fourths of this quantity keep the national spinning mills and looms in activity, while 10,000,000 lbs. supplied the foreign demand for yarn.

Brussels, the industrial as well as political capital of Belgium, produces a variety of fabrics, of which its lace and tulle are unsurpassed. Lace-making in particular has for many generations been a costly and beautiful art, to which the taste for luxury in dress, prevailing throughout Europe, and created by the rapid accumulation of wealth, has given an extraordinary impetus. Wool and woollens form another important industry in Belgium. Fine cloths used to be amongst the most eagerly sought-for products of Flemish skill. The long period of Spanish oppression reduced this manufacture to its lowest point, but with freedom it has again risen to be second only to that of linen. Neighbouring countries have, however, in the meanwhile so improved their woollen cloths, that Belgium has not yet resumed its former place in the markets of the world. A large quantity of cloths is sent, notwithstanding, to France, and also to the United States. Cotton manufactures, in consequence of the fibre being imported from England, advanced slowly at first, but have now become of even more importance than the flax and woollen industries. Metal working is the next great manufacturing industry of Belgium. This is facilitated by the great stores of coal, which, excepting those of England, are the most abundant in Europe. On account of the almost vertical tilt of the strata, the coal is obtained from a continually greater depth, and not laterally, as in English mines. The mineral resources of Belgium appear to be without limit, and the skill exercised is such that some of the English iron trade has gone thither, and England herself has been supplied with locomotives from Liège, a town sometimes called, from its iron works, the continental Birmingham.

Belgium has made unavailing efforts to plant colonial settlements. The present king, when Duke of Brabant, showed great interest in such designs, and continues to favour them. Even without colonies, the kingdom has commercial relations with every country in the world. Its chief trade is with France. In 1865 this had risen to the value of nearly £18,000,000, imports and exports combined, or between thirty and forty per cent. more than it was in 1861. With Great Britain, in the same year, the value of the commerce was above £14,000,000, an increase of nearly £2,000,000 over that in 1864. The Belgian trade with Holland, Russia, Germany, and the two Americas is likewise very extensive, and continues steadily to increase. Belgium exports to France cattle, coal, linen, and woollen fabrics, and receives in return cereals, wines, flax, silks, and wool. The chief imports from England are cotton and yarns, besides many miscellaneous articles. Amongst the exports to England are those contained in the following table:—

In 1870 Belgium supplied—

Cattle, sheep, and swine	146,000	head.
Meat, and poultry, and game	3,092	tons.
Eggs	15,000,000	
Fruit	11,470	tons.

This provision trade has declined of late years, although the general trade of Belgium with England has largely increased. The value of exports to England in 1870 was £11,247,864, and of imports of British produce and manufactures £4,481,079.

In July, 1863, an agreement was made between Belgium and the chief maritime powers of Europe, by which the Scheldt dues were abolished, on compensation being made by the consenting powers. England paid £175,650 as her share of this compensation. The Scheldt was declared free on the 3rd of August in that year. By this measure a great impulse was given to the trade of Antwerp, the value of which has increased in each succeeding year, especially in the article of wool. Antwerp receives great benefit from the railway system of Belgium, which connects it with the chief manufacturing districts, and gave it almost a monopoly of the trade of West Germany, until the lines were completed to the ports of Rotterdam, Bremen, Hamburg, and Havre. Nearly one half of the tonnage of the port of Antwerp is British. The business of the seaport of Ostend cannot be compared with that of Antwerp; but it has considerable manufactures of lace, worsted, cotton stuffs, and leather, and it is the centre of the Belgian fisheries, especially the summer fishery for cod on the Great Dogger Bank, in the North Sea.

Belgium abounds in busy seats of industry, and in her political institutions and material prosperity so closely resembles England, that the intercourse between the two nations is of the most intimate and friendly character.

CHAPTER IV.

SWITZERLAND.

SWITZERLAND is one of the most recent aspirants to a place amongst commercial nations. Before the French Revolution its industrial progress had been steady, without reaching any great magnitude. Various towns were the scenes of distinctive industries as far back as the Middle Ages. Geneva has been famed for clocks and watches from the time when the use of such instruments began to be common. Basle possessed silk manufactures in the sixteenth century. St. Gallen made linen, its staple manufacture, during the eighteenth century. In Zurich the staple was cotton. Manufactures have been necessitated by the same conditions that have made the pastoral division of agriculture the main reliance of the Swiss. When their patches of land had received the needful attention they took to spinning and weaving, the primitive industries, and those most closely allied to husbandry. Switzerland, in conjunction with England, Holland, and Brandenburg, afforded a refuge to the French Huguenots in 1685. Emigrants continued to arrive up to the outbreak of the French Revolution in 1789, for persecution in France virtually lasted as long as the old régime. These pious and skilful operatives improved the native industries, introduced others, and gave importance to the economic history of Switzerland. Manufactures were quickly developed, and Swiss fabrics found a way into all the European states. Weaving of silk ribbons, plain and figured, an industry of French birth, soon began to take precedence among Swiss handicrafts. Calico-printing was carried on with great success at St. Gallen, and had a special run of prosperity from 1756 to 1763. The kindred art of dyeing has reached such perfection that nowhere are more brilliant colours produced, and Switzerland, which at one time sent its textures to France to be dyed, now receives undyed silks and other tissues from that country. In obtaining raw produce, whether for the loom or the forge, free trade was of great consequence to Switzerland, inasmuch as foreign competitors ran Swiss goods very close in the European markets. Switzerland was long encircled by States whose policy was to impose heavy customs. In the face of such obstructions, the Swiss carried on intercourse with Europe through the ports of Trieste and Genoa, and by every route where the restrictions were the least rigid. This small and busy state reflected the policy of Europe as sensitively as a barometer indicates the state of the atmosphere. A rude shock was given to Swiss prosperity by the French Revolution. For the first three years of the nineteenth century the frugal mountaineers struggled hard for their independence against the immense power of France. Napoleon's policy pressed heavily upon them; English intercourse, which had been their main reliance for supplies of raw material, and for the disposal of manufactured goods, was interrupted, but the loss was in some measure compensated for by the transit trade attracted by the excellent roads, as well as by the central position of the country. From 1807 to 1813 the Swiss encouraged contraband trade in English wares which came over their mountain paths by way of Austria, and passed the opposite frontiers into the French and German states. After the battle of Leipzig, in 1813, the Swiss allowed the allies to pass through on their route to France. In retaliation, the emperor put upon their trade an embargo so stringent, that in 1814 not even cheese and coffee were allowed to cross the boundaries.

The peace in 1815 did not bring immediate prosperity. In order to raise revenues and to protect native industry, the states of Europe imposed heavy duties upon foreign productions, and especially upon those corresponding with home manufactures. Under this system it was generally believed that native industry would rapidly recover from the devastation of war, but to Switzerland every market was soon closed. The social habits and character of the Swiss came to their aid. The vocations of the craftsman and grazier being often combined, when one source of livelihood failed the other was available. Their manners and customs being simple and frugal, they were able to live upon less and to produce at a cheaper rate than other handicraftsmen. Another resource was open. It has long been the practice of the Swiss to travel, and for a time to settle in other lands, either as soldiers or artisans. The straitened circumstances of the country during the earlier years of peace caused more than an average number of young men to leave their native land. Their residence abroad kept the communication open between Switzerland and its former customers, and oftentimes they were entrusted with capital by others, which set them up in business and eventually enabled them to return home with considerable gains.

As the spirit of freedom gradually imbued economic legislation, so Swiss industry revived. Wherever trade was free, or tending to freedom, Swiss goods made their way. A kindred feeling with Holland promoted an intercourse between the two countries, which was of especial value to Switzerland, and which made it worth while for Swiss traders to pay the heavy customs dues levied by the intervening states. Steam-power was introduced, and factories of unusual dimensions were erected.

Commerce has reached its greatest extent in the most recent period of Swiss history, English free-trade having created a large demand for Swiss goods. The value cannot be correctly ascertained, inasmuch as they are consigned through France and Germany, and thus figure amongst the exports of those countries. Activity has been given to trade by the liberal provisions of the French and other commercial treaties. Thirty per cent. of the ribbons exported as French are said to come from the canton of Basle. The largest ribbon factory in the world is in the town of Basle, and the canton furnishes half the silk goods of the republic. France takes 10 per cent. of the whole of the silk produce, Germany 38 per cent., the United Kingdom and North America 44 per cent.

Many cotton fabrics are produced at Zurich. The energy, skill, and thrift of the Swiss manufacturers enable them to maintain their prosperity in spite of the competing communities of France, Great Britain, and Germany, by the side of whose giant industries those of this small republic shrink into comparative insignificance. Geneva and Neufchatel are noted for their trade in jewellery and watches. The extent of the latter branch may be seen from the fact that between 1850 and 1861 Geneva exported seven hundred and twenty thousand watches, for the most part gold; and this was but a fifth part of the number of watches, chiefly silver, made in the canton of Neufchatel. Agents for the sale of these watches are established in every European town, in Turkey, Egypt, India, and North and South America. Geneva watches, properly so called, are superior to those of Neufchatel in workmanship as well as material, hence they command a higher value, and are more sought for, many passing for French watches, and such is their excellence that they force their way into France and England, despite all restrictions. Swiss clocks have also been extensively exported of late years. An incidental source of trade is now derived from the numerous tourists and temporary foreign residents in Switzerland. The transit trade between Germany, Italy, Austria, and France increases in proportion as its expense, from the ruggedness of the country, is diminished by the use of railways. Basle, Soleure, Geneva, Zurich, Lucerne, Schaffhausen, St. Gallen, Lugano, are the towns most enriched by this traffic.

The exports of Switzerland comprise silks, cotton, lace, in various conditions of manufacture; watches, jewellery, straw-plait, iron-work, skins and hides, cattle, cheese, wine and liqueurs. The imports embrace grain and raw stuffs from Italy, raw silk from Austria and Hungary, wool from Hungary, wheat from South Germany, with cotton, hemp, and flax; rice, sugar, coffee, leather, drugs, dyes, and other produce from the Dutch and British colonies; metals and hardware; salt, nitre, and timber; soap, oil, spirits, wine, beer, and tobacco.

CHAPTER V.

ITALY.

MODERN DECADENCE AND RECENT REVIVAL.

THE Italian cities, when they lost the Indian trade, possessed such an accumulation of capital that their importance, as commercial centres, changed in character and direction, but could not readily die out. Municipal decay in Italy was not complete till the eighteenth century, from which date, with the exception of raw silk and olive oil, the exports of the country became few and of little value. In the previous centuries works of art, silk stuffs, glasswares, and paper were important industries, and the large reserves of money found profitable employment in banking and exchanges. The recent revival of Italian unity has been favourable to commerce. In spite of violent political commotions, interchange with the United Kingdom has of late years steadily increased. The value of the imports from England, consisting of apparel, textile fabrics, metals, hardware, machinery, and colonial produce, and the Italian exports to England, consisting chiefly of raw produce in endless variety, is thus tabulated :—

REAL VALUE OF THE IMPORTS INTO ITALY OF BRITISH PRODUCE AND MANUFACTURES, AND THE COMPUTED VALUE OF THE EXPORTS FROM ITALY.

	Imported into Italy.	Exports from Italy.	Total value.
1868.	Nearly £5,000,000.	Over £4,000,000.	Over £9,000,000.
1869.	Exceeding 6,000,000.	Nearly 4,000,000.	,, 10,000,000.
1870.	,, 5,000,000.	,, 4,000,000.	,, 9,000,000.

The trade with France, if not exceeding, is equal to that with Great Britain, and next in order stand Austria and Switzerland. The principal home industry consists in the production of raw silk, one-fifth of which is exported.

France taking one-half of this quantity, and the rest finding its way to Switzerland and the Rhine Provinces, England, Russia, Portugal, Spain, and Holland. Italy is behindhand in the art of weaving and dyeing, though unexcelled in producing and throwing raw silk. Much attention has lately been given in Italy to cotton cultivation and the wine manufacture. Sardinia and the Sardinian States, Tuscany, Naples, Sicily, the Adriatic port of Ancona, the Romagna and Venetia, all trade more or less with the United Kingdom. Each of these provinces has its special exports, yet in the main the produce is similar. The chief ports are Genoa, Leghorn, Naples, Messina, and Palermo, and Milan, though not a port, is a centre of trade and manufactures. *Genoa*, while forming a part of the kingdom of Sardinia, shared in the profitable intercourse established with France. Since the consolidation of Italy, the wealth of Genoa has been still further promoted. The exports are raw materials, including olive-oil, rice, hemp, metals, and ores; and manufactured products, including vermicelli, cottons, iron goods, and ships. Genoa velvets and silks are prized everywhere. This city has attained a prosperity almost equalling what it enjoyed in the Middle Ages.* Genoa, with the rest of Italy, was injured at the period of the Revolution by the aggressions of the French. Her mercantile marine and an efficient navy were swept from the sea, and her trade destroyed by the English—the costly honour of annexation to France being her only compensation. When peace was restored the citizens again engaged in active enterprise. The port is now the inlet for French cotton, wool, silk stuffs, and general produce into northern Italy. Sardinian commerce centres in the city, which ranks only next to Leghorn as an Italian port, and it is besides the channel of the Swiss foreign trade. An interchange of commodities takes place between Genoa and insular Sardinia, metals, woven-stuffs, wood, fish, and paper being sent to the island in return for corals, olive-oil, grain, hides, wine, and salt.

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* During the late war the British Consul reported that no failure of any importance had taken place in May, June, and July, 1866; and when Italian securities were low, about £12,000,000 nominal capital, or £5,000,000 cash, had been invested in rentes by the Genoese merchants.

Genoa has commercial relations with France, Belgium, Great Britain, and Austria, and a home trade with Italy. A tendency prevails to favour French and Belgian in preference to English merchants. An active trade is carried on with the Russian ports of the Euxine, for wool and grain, and with the Levant. The city has bonded warehouses, wherein goods are retained for re-export, and in this way many of the constituents of commerce appear in official lists both as exports and imports. In 1835, the trade was valued at £8,250,000; in 1862, when somewhat inflated by the American civil war, it exceeded £16,000,000; in 1867 it was about £14,000,000, more than one-fourth of which was with the United Kingdom.

Venice, from being the "Safeguard of the West," sank into insignificance. Her fortunes became dependent upon the will of other nations, and her history until recent days has been but the record of revolutions, mercilessly suppressed. In 1815, Venice fell by treaty to Austria. At that time this city was in a miserable condition, impoverished by war, and with half its inhabitants paupers. Her submission to Austria was ever sullen. Subjection to a conqueror rankled in the proud Italian mind, and Austria could not conciliate her Venetian subjects, even when sincere in her attempts to restore the trade of the "City of Song." Trieste had arisen in the neighbourhood as a rival port, and its trade was already three times that of Venice. Trieste took possession of the Odessa grain trade, once conducted by the Venetians, and that of the Levant was mainly assumed by France and England. With all these drawbacks the mercantile spirit of Venice was not quite dead. Whenever circumstances were favourable, signs of activity appeared, promise of growth was given. Her most valuable commerce was with the rest of Italy. A smaller trade was carried on with France, and some intercourse was maintained even with Norway and Sweden. Olive-oil, fish, wine, and colonial produce were received in Venice in exchange for her diminished but still excellent manufactures of glass, porcelain, mosaic, enamels, and leather.

A new era opens for Venice in its incorporation with the Italian Kingdom, effected in 1866. It remains to be seen whether commerce, so long diverted from the lagoons of the Adriatic, can be restored.

The union of Venice with Italy has created a traffic between that city and the United Kingdom, which, as yet, is of small proportions, but can hardly be said to have existed before the last war. In 1865 and 1866 we sent to Venice coal, coke, coffee, cocoa, cotton, linen, woollens, oils, metals, hardware, earthenware, and nitre, in exchange for hemp (valued at £346,806 in 1866), cereals, seeds, beads, wood, rags, wool, sumach, and whisks. The trade with England is but a fifth of that with Austria, and Holland follows England. The inland and river traffic of Venice, aided by the recent construction of railways, gives great promise of profit. Many branches of ancient industry and art also show signs of revival, among which the manufacture of stained and coloured glass and glass ware deserves special notice. The official declared value of the trade of Venice in 1867 was a little over one hundred and twelve millions of Italian livres.

Leghorn (Italian name Livorno) is a commercial port of European importance. Grain from the countries around the Black Sea, English cottons, hardware, and salt fish, Brazilian sugar, coffee, and tropical produce, are its chief imports; while its exports are oil, silks, fruits, lamb and kid skins, potash, timber, cork, marble and alabaster, Elba iron, borax, alum, sulphur, anchovies, coral, straw-plait, hemp, and dyes. Much of the former trade of Leghorn has been lost, as many commercial states now carry on a direct trade with the Levant. The convenience, nevertheless, of Leghorn for the Levant trade, combined with low tariff and port dues, and facilities for unlading without quarantine, has given her the precedence of Genoa, and made her the emporium for the supply of foreign productions to Northern and Central Italy.

States of the Church.—Prior to 1860 the greater part of these States, now forming an integral portion of the Kingdom of Italy, possessed no claim to notice for their trade and industry. The converse of the principle *Laborare est orare*, actuated the inhabitants. Beggars abounded, and armed brigands roved about the country. Agriculture was in a wretched condition, and the darkest ignorance prevailed. About a quarter of the Bolognese were employed in the silk manufacture, and in 1835 there were from fifteen thousand to eighteen thousand weavers. Rome only produced a few coarse woollens, cottons, and linens, and in one or two places ironworks, supplied with ore from Elba, were established. Olive-oil was the sole export of any importance.

Naples and Sicily are naturally favoured districts, abounding in resources, which generations of bad government and priestly tyranny have allowed to remain undeveloped. Since the incubus of despotism has been removed commerce has taken a wonderful stride. In 1864 there were 3,984 vessels under the Italian flag engaged in trade with Naples, and over seven hundred foreign vessels, chiefly French and British. The shipping of Sicily is more extensive, and in 1866 numbered 8,970 vessels, and the value of her trade was more than £5,500,000, being an increase of 1,630 vessels in a single year. Manufactures on the mainland were numerous but of inferior quality, everything of fine quality being imported, although interchange was much checked by prohibitions. England, France, Austria, Greece, Holland, Sweden, and Norway rank in the order enumerated for the extent of their commercial relations with Naples. More than one generation must pass away before the neglect induced by sloth, superstition, and ignorance can be replaced by that spirit of industry and intelligence which freedom should inspire. Production is in a low state compared with the capabilities of the country, and confines external trade within narrow bounds. Little effort has yet been made to work the deposits of rock-salt, coal, and other minerals, which abound on the mainland, but sulphur has long been an important export both of Sicily and Naples. Its use is of vast importance to England in those arts and manufactures which require the use of sulphuric acid, and in the manufacture of gunpowder. The supply from Sicily was the subject of treaty between the Sicilian Government and our own, when by an arbitrary arrangement of the king, in 1838, a monopoly of the workings was granted to a French company, on condition that the yield should be limited to a certain quantity, the object being to raise the price, which had fallen, owing to the employment of more economical and extensive methods of production. This compact, so injurious to British interests, led to a protest of the English Government, and to the blockade of Sicily by an English fleet. It was not till after the seizure of many Sicilian vessels that the king was induced to cancel this obnoxious arrangement. The exports from Naples and Sicily are nearly similar, and consist of olive-oil, silk, flax and hemp, wool, wine, corn, linseed, rags, maccaroni, cream of tartar, skins, liquorice, succulent fruits, figs, almonds, sumach, starch, manna, dried raisins and currants, grain, madder, jewellery, leather, and many minor products. The imports comprise fabrics of every kind, especially of cotton, hardware, and various manufactures; iron and other metals; machinery, clocks and watches; coffee, sugar, and rum; cod-fish and pilchards; indigo and dye stuffs; pepper, spices, canvas, skins and hides.

Agriculture shows signs of improvement in Sicily and the Neapolitan Provinces, rice, flax, and cotton being the staple products. It is more advanced in Tuscany and in Lombardy, where the soil, favoured by a perfect system of irrigation, produces the finest and heaviest crops in Europe. Time will show whether Italian unity has imparted to the people greater industry. Nature has done everything for the kingdom; man has allowed it to sink beneath the level of the poorest soil in Europe. Silk is the only industrial product of universal culture. Lombardy here again takes the lead. If the rest of Italy were to produce silk to a proportionate extent, five times the quantity would be available for home manufacture and for export. Silk production, in a descending order of importance, is carried on in Piedmont, Tuscany, Calabria, Emilia, the Marches, and Apulia.

Another reviving industry is the iron trade. With an abundance of ore, Italy supplies only a fifth of her own wants, and is in a backward state with regard to machinery and arms of defence. Some of the Lombard iron used for cannon founding is better than the best Swedish. The use of charcoal in smelting limits the quantity produced, but for most purposes it improves the quality of the metal. Italy might, with judicious management, and probably will, in time, supply the whole of her wants with native iron, at a much less cost than the present importations. Now the rails, turn-tables, and chairs, and other ironwork used in the construction of the railways, are, for the sake of cheapness, obtained from England and Belgium. An incidental resource enjoyed by Italy in common with Switzerland, is the attractiveness of its climate to foreigners from all countries of Europe and even from America. The wealth distributed by this means influences the productive labour of the kingdom in an appreciable and favourable degree.

CHAPTER VI.

FRANCE BEFORE 1815.

CONTINENTAL SYSTEM.—BERLIN AND MILAN DECREES.—ORDERS IN COUNCIL.

IN the year 1786, a treaty of reciprocal trade was entered into between France and England, and a prospect of profitable interchange was opened. This treaty originated with Mr. Pitt, and in some respects it was the prototype of the more recent Cobden treaty. The Eden treaty, as it was called, from the family name of its negotiator, Lord Auckland, was ended by the Revolution. Peaceful commerce could not exist during a reign of anarchy. The disappearance of money and the confused state of the finances, owing to wasteful expenditure and neglect of labour, were attributed by the French people to the machination of the English minister Pitt. The erroneous principle was advocated that, cutting oneself off from the produce of neighbouring states is more profitable than interdependence. Besides this the manner of the negotiation had been offensive to the French manufacturers, whose voice was not heard in the matter, until, in answer to their inquiries, they were told that it was too late, for the treaty was signed. Rouen, Rheims, Rennes, and Lyons were bitter in the expression of their discontent, and although Bordeaux, whose trade in wine was much increased by the treaty, applauded it without reserve, yet the old restrictive tariff was re-established in 1791, and the promise of peaceful intercourse was checked by a long war.

So scarce had coin become in the first year of the Revolution, that four issues of paper assignats, successively increasing in amount from three hundred to eight hundred millions of livres, and secured upon the state lands, had already been made. This flood of paper wealth inundated the kingdom, and there seemed no limit to riches so easily created. The experiment was often repeated, frequent and large issues of assignats proportionately depreciated the security, and ominous signs appeared, that scattering paper broadcast did not increase the real wealth of France. It was made a capital crime not to receive the assignats at par; but foreigners were not bound by the statute, and took from the country all the gold and silver that was not hoarded. The paper-money sank lower and lower in real as distinguished from nominal value.

In 1790 assignats stood at 90 per cent.; in 1791, at 63 per cent.; in 1794, at 23 per cent. In the year 1795, in the face of this depreciation, the almost incredible amount of 40,000,000,000 of livres were issued. An issue of assignats for the purchase of meat, bread, and clothing, did not, however, increase the scanty stores of food and cloth in the country, or even render their purchase easier. At length a pair of boots cost in assignats from 8,000 to 10,000 francs, and a pound of butter could not be bought for less than 700 or 800.

The paper issues chased the precious metals out of the kingdom, for no decree of the legislature could persuade the holders of coin to change it for assignats, while they could change it for foreign merchandise. As a sequence to these economic errors, gold and silver were interdicted from exportation.

The new republic knew not how to use its freedom. A mania seized the people, and the "Law of Suspect" kept the guillotine busy upon the necks of friend and foe alike. Terror made property insecure, and the wealthy fled from the country. Internal trade was prostrated, and the foreign trade was annihilated by the cruisers of England. The fugitive rich took away what capital they could. All fiscal burdens and feudal services had been removed from the cultivators of the soil, but a legion of vexatious regulations had been imposed upon trade, by a National Convention unused to rule, and urged by an ignorant and impoverished people. It was declared a crime, with the penalty of death, for a dealer to accumulate or to hold back from sale, at a fixed price, any merchandise amongst the first necessaries of life. Dealers thus denounced as monopolists, and seeing their capital diminish, were discouraged, and fell out of the ranks of purveyors, and less than ever was brought to market. The fallacious policy of the Convention was crowned by the Law of Maximum, which classified commodities into thirty-nine lists, and fixed the scale of prices one-third higher than the current value of 1790, and the wages of the fabricants at double the rate of the same year. Erroneous principle could go no further; the evil results were soon displayed; such a system could only be administered imperfectly and maintained by terror. Dreadful scenes occurred, for which not the time itself, but the past misrule, a continuance of which would only have brought matters to a worse pass, must be chiefly held accountable. The Law of Maximum lasted till the fall of Robespierre, when its utter failure was evident to all, and freedom of commerce was re-established.

In 1802 the insincere truce, called the peace of Amiens, was concluded. A more embittered war broke out between the contracting parties in 1803. The war lasted with but little interruption until the final downfall of Napoleon at the battle of Waterloo, in 1815. In 1806 Napoleon's famous Continental System was launched against England, and an era of legislative reprisals ensued between the two countries, in which France suffered most.

The French Emperor endeavoured to destroy British commerce by sealing the ports of the entire Continent against English vessels, a measure which was intended to coerce England, but was fraught with ruin to the rest of Europe. His Berlin Decree was issued when, after the battle of Jena, in 1806, the French entered the Prussian capital. By it, he interdicted all commercial intercourse with Great Britain, declared the British Islands to be in a state of blockade, and seized as prisoners of war all Englishmen found on any part of the Continent, over which he then possessed military jurisdiction.

England met the Berlin Decree by the no less celebrated Orders in Council, published in 1807, and lasting, to the serious detriment of industry, until 1814. These reprisals prohibited intercourse with any port occupied by the French; and Napoleon retaliated by the still sterner decrees of Milan, which reduced his Continental System to a code. The ports of Europe for several years presented the strange spectacle of not daring to admit English vessels for fear of Napoleon's decrees, and as little daring to let their own vessels leave their moorings for dread of the British cruisers. The mercantile fleet of France was captured, and her navy defeated. With an assertion of power which he could no longer enforce, Napoleon required neutrals to carry a French license to trade. England in reply seized the French colonies, effectively blockaded France, and declared prizes all neutral vessels carrying French papers. While England ruled the sea, Napoleon's policy was futile and his ordinances were useless. Navigation ceased wherever he could enforce compliance with his will. France, which had been the purveyor of sugar and coffee for European consumption, was compelled to look to other states for her own supply, and at last the enactments of her ruler cut her off from every source. Meanwhile the profits of a vast smuggling traffic which had arisen all over Europe, together with the growing trade between England and the United States, enabled English commerce to endure this trial with little loss; in the end, indeed, with positive gain. Except the English, there were soon no merchantmen in Europe, and England was called upon to act as universal agent and carrier. British fabrics and colonial produce were so desirable that they were still purveyed, although surreptitiously and at greatly enhanced cost.

Thus, by an unintentional and strange concurrence of events, the world's commerce came into the possession of England, after a short effort of the Americans and the neutral nations conjointly to share it. So strict was the enforcement of the blockade that the Americans were taught to respect it by the ruinous loss of their marine, made prizes of by the English. Such an effect was as unsatisfactory to the author of the Continental System as could well be imagined. In 1809 Havannah was made a free port, another source of profit to British enterprise. Other new marts were also sought and secured during the war, which were not relinquished when the old ones were resumed.

Being unable to annihilate the trade, Napoleon conceived the thought of concurring in it, against his own principles, and of making it pay the costs of the war.

"Not many months after the Berlin Decree, a lucrative source of revenue was opened in France by the sale of licenses, under the emperor's hand, for the importation of British goods. The example was followed in Britain by similar exemptions from the Orders in Council. While British goods were burnt in the market-places of continental cities, and unhappy wretches were shot for conniving at their introduction; while the British Admiralty Court was condemning ships daily for contravening the Orders in Council, both governments were openly violating the very decrees to which they required implicit obedience. The sale of licenses became a principal source of all the private revenue of the emperor, and was carried to such a pitch that in 1812 the vaults of the Tuileries contained 400,000,000 francs, or £16,000,000, in cash, derived almost wholly from this source. This vast sum did not appear in the public accounts, but from it were chiefly derived the means for the stand against combined Europe in 1813 and 1814."*

* Abridged from *Alison's History of Europe.*

Thus the Continental system stands condemned for its dishonesty as well as its impolicy. It crushed many of the free-born industries of Europe, and promoted a few unsuitable departments of labour, which were not maintained without flagrant immorality, and could not be afterwards diverted without injustice to individuals. Cruel penalties were inflicted when the law was evaded, while every license issued was a wrong done to the industry which the law professed to foster.

Napoleon laid down the principle that France should be self-sustaining in the production of all that was necessary for her maintenance, so that the loss of foreign supplies in war-time should not be felt. He had prepared the French in some measure to submit to industrial burdens, by restoring the imposts upon wood and salt, and making the tobacco-trade a government monopoly. As chief consul he had also re-established several of the old trade corporations, and as emperor he had carried this further, by surrounding various divisions of industry with inquisitive and superfluous regulations. Trade marks were rigorously protected, in the interest, it was thought, of the consumer, who was certified of the quality of the goods; but this made government surveillance necessary through the whole process of manufacture, until the proportion of alloy in jewellery, the number of threads in an inch of cloth, the size of every tissue, and the colours of their selvages, with officers and juries to verify these things, all became subjects of legislation.

That such a policy was false in its essence

> "All Nature cries aloud through all her works."

Nations cannot be independent of each other, and yet be progressive, any more than individuals. Physical conditions are against it. Were it by law good for France to produce all she needed, it ought to be good for other countries to do so; Holland, for example, whose existence depends upon interchange, the very piles by means of which, in the terms of her national motto, she "strives to keep her head above water," being of foreign growth. Commerce is founded upon industrial produce. Cut off commerce, and you take away the great incentive to industry, the fountain-head of wealth. Thrown back upon its own resources France or any other country must finally sink into a state of semi-barbarism, or Chinese stagnation. Without imports, a surplus for exchange would cease to be produced. If a nation were at war with all the rest of the world at once, there would be a show of reason in this fatal policy. Even then, the best preparation would be by accumulating wealth, which forms the sinews of war, beforehand. Napoleon's policy was afterwards imitated upon the Continent, and even in Russia, where its disastrous effects were so severely felt that the military prestige of France could not prevent its infraction; but Russian industry has ever since been protected and her commerce shackled with fiscal fetters unknown to Peter the Great, by which the development of her natural resources has been much impeded.

Austria, in like manner, has continued a rigid protective system, although she felt with ruinous severity the evils of Napoleon's policy, which destroyed the all-important national cotton industry. At the time of the downfall of the French Emperor, England and the United States had supplanted Austria, and furnished foreign markets with commodities formerly supplied by her industry. English machinery had increased production, and reduced the cost of fabrics so greatly that the use of English cottons became increasingly common, and influenced also the linen trade; and Austria suffered for many years not merely a relative but an absolute decrease of manufactures.

Germany, like France, under the Continental System, had to extort from the soil what had been previously better obtained from abroad. Improved modes of tillage were adopted, and many waste tracts were brought into cultivation. Necessity proved again the mother of invention.

The exclusion of foreign tobacco led to its culture at home. Beetroot was made to do service for the sugar-cane, chicory became a substitute, though a poor one, for coffee, and rape-seed took the place of the whale and the seal for the supply of oil. Manufactures were confined to home trade, but not having to compete with cheap foreign imports, there was an industrial activity which, at a superficial glance, seemed to prove the wisdom of exclusive laws. Cotton, linen, and woollen textures had never before so much engaged the people's energies. The manufacturers were busy, but clothing was neither good, cheap, nor abundant. A limited class profited, but the community suffered. Like results followed in every branch of industry forced upon the people against their genius, and unsuited to the soil and climate. Labourers were withdrawn from pursuits which their intelligence and experience had pointed out as the most productive, and directed to other pursuits. Many of the comforts and necessaries of life were raised above the reach of millions who had formerly enjoyed them, while grain, the great export of Germany, having no outlet, remained upon the farmer's hands, or was sold at a ruinously low price.

In the interior, as well as at the trading ports, great injury was inflicted, all the more fatal because disguised under the semblance of progress in various industries forced into artificial life. With all the power that could be brought to bear upon production, the Continental System never compensated Germany and Austria for the total loss which it caused of their foreign trade. On the other hand, every European country, while learning to furnish its own requirements, was pursuing industry under difficulties, which imperatively demanded economy and skill, and laid the foundations of the continental reaction since very plainly manifested.

In spite of its futility, the emperor still pursued his policy. Chemistry and other sciences were called into action, to find substitutes for the colonial produce that could no longer be obtained in Europe. Numerous experiments were tried, many of which were failures, while some of them permanently influenced the national industry. No beverage could be devised to take the place of the Frenchman's fragrant coffee. Roasted beans and chicory could not, with all the appliances of the chemist, be impregnated with the aroma of the Mocha berry. Success, however, attended the extraction of sugar from the beetroot. This process was sedulously fostered by Napoleon, and by it was obtained, with greater labour and higher cost, worse sugar than could be imported. Experience has now so improved the manufacture that beet sugar almost approaches in quality that produced from the sugar-cane. Its cultivation has much increased, and is pursued chiefly in the northern provinces. It has not wholly superseded colonial sugar, nor for many years could it equal in quantity the supply from the West Indies, as seen by a comparison of the following facts:—

YIELD OF BEETROOT SUGAR IN FRANCE.

1828	2,685,000 kilogrammes.	
1838	50,000,000 ,,	
1852	75,369,158 =	1,483,561 cwts.
1869-70	243,360,000 =	4,800,000 ,,

The continual increase in production has been remarkably illustrated in France, which, in 1827, had, according to Mr. William Crookes, F.R.S., 39 factories, making 1,218,000 kilogrammes of sugar; in 1860 there were 336 factories, making 126,180,000 kilogrammes; and in 1866, 422, making 292,761,000 kilogrammes. The imports of colonial sugar were, in 1831, 81,750,000 kilogrammes; in 1837, 60,832,634 kilogrammes; in 1868, 69,104,714 kilogrammes.

The French home-grown sugar trade would probably be destroyed if cane sugar were admitted duty free, but it maintains its ground by high protective duties, and affects so many individuals, that for two-thirds of a century the consumers of France have contributed to support an industry which now lays claim to prescriptive rights. No more conclusive proof could be needed, that the pursuit ought never to have been encouraged by legislation. The cultivation of indigo was also persevered in, but with indifferent results, if not with complete failure.

One successful substitute of a native for a foreign product was that of soda for potash; the most useful acids and salts were likewise produced by new and improved means, and bleaching, dyeing, tanning, distilling, and other arts dependent upon chemistry were greatly promoted. The industrial legislation of the empire, with serious faults, which the diversities of counsels and the circumstances of the government are not enough to palliate, nevertheless marked some new progress in the destinies of industry. To Napoleon is due the creation of Chambers of Commerce and Manufactures; of the Conseils de Prudhommes or mixed juries of the most skilful operatives and masters, for settling industrial disputes, workmen's certificates, the institution of a property in trade marks, and the formation of a code of commerce; all of which still remain. In his own words, he had made the glory of his reign to consist in changing the face of his empire, in the execution of great works as necessary to the interests of his people as to his own satisfaction, including 3,400 leagues of roads constructed or repaired; mountains were crossed by highways worthy of the Romans, rivers rendered more navigable, bridges built, canals excavated, and Paris beautified.

Sully, Colbert, and Napoleon—three of the prominent industrial legislators of France—each countenanced the system of excluding foreign products, and protecting or encouraging home resources. Colbert, however, always had in view the commercial prosperity of his country, not war, and encouraged the supply of raw materials of all kinds to nourish the home manufactures. Napoleon I., in the endeavour to injure England, departed from this reasonable rule, and in prohibiting raw materials, lost even the approbation of the home manufacturers, and created discontent. He multiplied rigorous edicts in vain, for smuggling flourished through the borders of all the states under his power, from the Baltic to Constantinople. Sully, Colbert, and Napoleon alike could see a present difficulty and an immediate result; they alike failed in carrying their view far into the distant consequences. Measures, based on false principles, eventually aggravate the evil they were meant to overcome. The prestige of these names has blinded France to the depressing effects of the system upon general industry. When the French frontiers extended beyond the Rhine, the exclusive system produced some favourable effects upon the internal trade of France; but over a smaller area it would have proved utterly impracticable.

Machinery on the English models had been in use some years, and while European ports were closed to British manufactures, the overawed states had no alternative but to buy the fabrics of France. In the years 1814 and 1815 the old communications between Bordeaux and Bayonne on the one hand, and Germany and North-Eastern Europe on the other, were renewed. Since the peace of 1815, stringent fiscal ordinances and attempts to return to the system of minute disciplinary rules, engendered by private interests and sustained by prejudice, have been far more frequent than those of a liberal tendency.

CHAPTER VII.

FRANCE SINCE 1815.

It was confidently expected, with the return of the Bourbons, that the French colonial trade would revive, especially in the West Indies. Many circumstances prevented the realisation of this hope. San Domingo was no longer a French colony. Martinique and Guadaloupe were too small to be commercially important, and Bourbon or Réunion was deprived of its value as a settlement, by the English occupation of the neighbouring isle of Mauritius. At home the harvests were bad for several years in succession. There were likewise levied upon the people immense contributions to meet the expenses of the late wars. At the first abdication of Napoleon the allies refrained from retaliating upon France, beyond limiting the frontiers of the kingdom to their former bounds. The country was now, on the contrary, invaded by 800,000 men, and 150,000 remained in occupation of all the frontier fortresses to secure the repayment of the outlay of the allies. These levies, exclusive of the cost of maintaining the army of occupation, amounted to the enormous sum of £61,500,000, thus distributed:—

Expenses of the war	£28,000,000
Indemnity for injury to various of the larger States of Europe	29,500,000
Minor States	4,000,000
Total	£61,500,000

These circumstances combined, diminished trade, and gave little lustre to the restoration of the Bourbons. Exports sank to a value below what they had reached in the years 1785-7, when the average was 525,357,000 francs. In 1817, the value was only 394,787,000 francs, about £15,791,000 sterling.

Foreign trade, moreover, had so long been lost, that it had to be re-created; and its growth was slow, for other nations had obtained possession of the markets from which France had been shut out. Machinery had greatly improved in England in the interval, and its exportation being strictly prohibited, England was enabled to undersell France. Against such disadvantages, the French sought to distinguish their wares by excellence of quality, and pursued their national industries with much vigour.

By the year 1825, many divisions of industry were abreast, and some were in advance, of the corresponding industries of England. Capital had returned to the kingdom, and was increasing, the influx of travellers also adding sensibly to the national wealth. It has been computed that in 1828 no continental state, and not even England, possessed so large an amount of specie as France, an improvement partly owing to the repeal, in 1825, of the prohibitions against the export of British machinery. The French were thus enabled to copy the English models, and to erect their own mills. This was the year when rash speculations in England, incited by the prospect of unrestricted trade with the South American republics, resulted in a monetary panic, while France, acting with commercial caution, was only partially affected. The desire for industrial improvement united all ranks, and capital was readily found for enterprises of a sound and substantial character. Bleaching and dyeing far surpassed the same arts in England, being conducted more scientifically. The silk and cotton goods were remarkably brilliant in colour, and fetched high prices. Weaving, paper-making, carpet-making, tanning, and the kindred arts, all became prosperous.

The manufacturing and agricultural industries of France are closely interlinked. Although corn stands at the head of the produce of French husbandry, yet the fruit of the vine is only next in value, and the cultivation of the white mulberry, the beet-root, hemp and flax, madder and other dye-stuffs, supports manufactures of national dimensions. Notwithstanding these facts, the history of French agriculture possesses little of a cheerful or profitable character. From the days of Sully, agriculture has been the plaything and experiment of inconsistent legislation. Commercial laws affecting corn, which, to be at all justifiable, ought to be founded upon the wants, and the means for supplying the wants, of consumers, had been subordinated to regal profusion, well-meaning ignorance, and political influences. The markets were reserved for those who made the laws, and the country suffered for the interest of a class.

At the period of the Revolution, a radical change took place in the tenure of land. A great grievance had prevailed in the enormous estates held by the aristocracy. It was therefore ordained that estates should be equally shared by all the children of a proprietor. The soil in a short time was divided into numerous small allotments. Farms not larger than ten, twenty, or thirty acres proved, however, from want of capital, as difficult to work, and the too minute division of land, as little conducive, perhaps, to economic cultivation, as the large estates of former times. The first emperor, though anxious for improvement, was too much occupied in his ambitious wars to construct or repair canals for irrigation. Neither under Charles X., nor under Louis Philippe, was there any marked advance. The former had little hold upon the country beyond his legitimate descent. Louis Philippe favoured the trading and manufacturing classes, to whom he owed his throne, more than the agricultural. Husbandry continued to be neglected, and fell short of that of less favoured countries. Even the breeding and rearing of horses, upon which France prides herself, and for the improvement of which Henry IV. had founded the "Royal Studs," went back, and cattle rearing was in no better plight. Such a neglect of husbandry seems inexplicable, when we remember that 53 per cent. of the French people depend upon the cultivation of the soil for their subsistence. Wooden ploughshares, harrows with wooden teeth, and, in the southern provinces, the Oriental mode of oxen treading out the corn, still partially remained in use, and thrashing and winnowing machines had not even been heard of.

The reign of Napoleon III. was beneficial to agricultural industry. By fostering exhibitions and giving prizes, by encouraging co-operation and disseminating a knowledge of the best implements and methods, he attracted capital to the tillage of the land, and raised agriculture to a position better befitting the dignity of the empire. In the affairs of commerce Napoleon III. was equally enlightened, and promoted the general well-being by enlarging the area of interchange. The use of foreign produce did not appear to him, as to the sovereigns before him, prejudicial to national industries, but their most effective stimulant.

Especially were industrial exhibitions, both national and international, popularised. These successful means of stimulating agriculture, manufactures, and commerce, by bringing together for comparison the best examples of raw produce and the masterpieces of art, may claim a French origin. As early as 1789 an exhibition had been held in the Champ de Mars at Paris, for the purpose of measuring annually the progress accomplished. War prevented its renewal until 1802; it was repeated in 1803, and again in 1806, with greater splendour; and during the period of the Restoration, exhibitions were frequent and varied. These gave the initiative to the Universal Exhibitions, which will remain as distinctive features of the second half of the nineteenth century. France has held the first rank along with England in these peaceful contests, and her example has been copied by most civilised States. The benefits arising therefrom are manifold;

producers display their goods, and obtain the publicity they desire; consumers improve their tastes, and better satisfy their wants by the richness of choice offered them. Industrial exhibitions may now be regarded as permanent agencies of civilisation.

France is the chief wine producer of the world, its vintages being unapproached by those of any other country for quality, variety, and abundance. So large a surface in the south is covered with vineyards, that corn has to be imported from the north. At one time wine and brandy took the lead of the exports, but the system of protection adopted by some states on account of its apparent success in France, and by others in retaliation, *to protect themselves against French goods*, made these invaluable gifts of nature for many years of little importance in commerce. England imposed high duties upon French wines, and favoured the strongly brandied wines of Portugal and Spain, till it was a common belief that French wines were naturally our aversion, and port and sherry our taste. North America imported large quantities of French goods, but followed English policy with respect to wine. Austria fostered the culture of the vine in her own territories. Prussia likewise improved the growth of her Rhenish vines. Brandy began to be produced in many parts of the Continent. All these circumstances told adversely upon this special branch of French industry, and for a century and a half before the advent to power of Napoleon III. the value of the wine annually exported from France, ranged between the narrow limits of one and two millions sterling. During the four years previous to the reduction of the wine duty, the consumption of French wines in this country was under 601,000 gallons, now it exceeds 4,500,000 gallons.

The self-sustaining policy of the First Empire, fallacious as it was in principle, affected for many years the imports into France. The demand for sugar and coffee was diminished, and tea had always been an unimportant item of trade.

1787.	Value of Sugar imported,	140,000,000	livres.
1839.	„ „	34,800,000	„
1822.	Value of Coffee imported,	20,000,000	francs.
1839.	„ „	16,500,000	„

Of wool, cochineal, cotton, indigo, hides, and other substances entering into the domestic industry, yet not indigenous, there were visibly increased imports. Timber and olive-oil, produced to some extent at home, were supplemented by foreign consignments.

The introduction and rapid extension of the use of machinery in France brought about changes in the social habits of the people. Industrial processes became centralised in great factories instead of being dispersed amongst cottiers; and crowded towns arose with their attendant evils as well as advantages.

The government has for the last two centuries done much to advance French industry, by the construction of canals and roads, and by the creation of a governmental department, specially charged with the supervision of the means of communication. These judicious measures have facilitated interchange, and have encouraged very many travellers and residents from abroad to visit and reside in the country.

France is devoting much attention to manufactures in metals. Mines of copper, lead, and still more important ones of iron, were worked before the Revolution, but not to any important extent. The demand for arms then became very great, and their fabrication was carried to an unrivalled perfection. Metal working has since increased in consequence of the general use of steam machinery and the construction of railroads. Though produced from inferior ore, the French iron is, in consequence of skilful manipulation, of very good quality. High protective duties were levied upon foreign iron in order to encourage native production, by which means the whole kingdom was taxed to profit the mining interest, a system carried out in good faith, for the highest personages in the realm invested sums in iron works.

The iron industry in 1835 was equal in value to a fourth of that of the cotton trade, and to a third of that of the woollen trade. The average home production for some years was worth over 100,000,000 francs, but no legislative stimulus could render it capable of supplying the whole demand of France, and importation was indispensable. Coal, like iron, is found in France, but of an inferior quality and in small dispersed beds. The hot blast in the smelting furnace has made this common coal available, and helped to keep France abreast of other countries in her manufactures.

As an article of luxury the demand for silk is dependent upon fashion and wealth. Among French industries, therefore, the silk manufacture is one of the first to suffer from political or social disturbances. In the revolution of 1789 it was paralyzed, and when in 1793 Lyons was taken by the republican forces, and a great number of its inhabitants massacred, the manufacture temporarily perished. Napoleon gave an impetus to silk weaving by requiring official costumes to be made extensively of this fabric. But neither fashion nor imperial decrees developed the capabilities of the silk manufacture one hundredth part so much as the use of the Jacquard loom, so named after its inventor, and now employed in further improved forms, not only for silk, but for all kinds of figured tissues. Jacquard was ill-treated at first, his looms were destroyed, and he was exiled, but he lived to be regarded as the father of modern French industry. There are now more than twenty thousand looms in that city, giving rise to a secondary, but very important trade, in the construction of their machinery.

A prosperous period for the silk trade began with 1822, when the exportations to England and the United States were of the annual value of 99,000,000 francs. From 1846 to 1852 the home produce of raw silk amounted on an average to twenty-four thousand tons of cocoons, yielding two thousand tons of silk, worth 120,000,000 francs. An epidemic has since prevailed amongst the silkworms, so that, in 1865, the produce was reduced to a fifth of its former extent, and seed or grain, as the silkworms' eggs are called, has been brought from distant countries to renovate the species and supply the deficiency. Syria, Persia, Bengal, China, Japan, have been placed under contribution for this "grain." Silk fabrics have risen in value, though not so much as might have been expected; nor has the silk trade retrograded as a whole. The appended summary shows that in the face of serious drawbacks the exportations of silk tissues have trebled within twenty years. Thus, in 1845 the exports were valued at 140,000,000 francs; in 1847, at 165,000,000 francs; in 1849, at 181,000,000 francs; in 1866, at 490,000,000 francs. It is computed that one-third of the manufactured silk remains in France. The progress of this manufacture is the more remarkable, inasmuch as Germany, Russia, and Switzerland, once customers of France, now manufacture silk for themselves. North America has discouraged importation by the imposition of heavy customs, and is promoting the cultivation of the mulberry as a means of establishing a native silk industry. Finally, England has extended its silk manufacture till its importance ranks next to that of cotton and wool. Besides fabricated silks, the production of the raw material has been very extensively pursued, until but little is imported, and that chiefly from Italy, while the exportation of home-produced raw silk has increased every year. Much Italian raw silk, however, continues to pass through France in course of transit to England and other countries.

The woollen manufacture in France was of great importance before those of silk and cotton were introduced. Its value was increased by its smaller sensibility to the changes of fashion. For a long time the home supply of wool was ample enough to meet every requirement. In recent years, however, the imports of wool have been growing fast, not that the home supply is less, but that the weaving of cloth is much more extensive. The imports of wool in the year 1865 amounted to eighty thousand tons, two-sevenths of which came from Australia. French cloths are valued for their durability, brightness, and delicacy of dye. Cashmere shawls, and other textures of long-combed wool, exceeding in softness and beauty the fabrics of India, are made at Rheims and Amiens. At Sedan and Louviers only merino wool is used, and the finest quality of cloth is woven; Elbœuf and Aumale, likewise, produce excellent cloths. Coarser goods are made in Languedoc, where great flocks of sheep roam over the mountains and supply the peasantry with wool for spinning and weaving in the intervals of pastoral labour.

The woollen manufacture was not influenced like that of silk by the Revolution, except in the exportation being stopped; but the chief market for cloth was always at home, and the exports, though considerable, were but a small part of the produce. Towards the close of the first empire the exports had resumed their former dimensions. The progress of the woollen industry may be seen by the following statistics:—

EXPORTS OF WOOLLENS.		IMPORTS OF RAW WOOL.	
Date.	Value in Francs.	Date.	Value in Francs.
1788	24,235,000	1855	68,000,000
1838	80,000,000	1865	247,000,000
1850	150,000,000	1868	111,680,542
1865	396,000,000	1869	100,000,000

French linens are of high repute. Hemp and flax have for three centuries formed part of the crops of almost every farmer and peasant, especially in Normandy and Brittany, where the women employ much of their spare time in spinning yarn. Brittany chiefly grows hemp, and manufactures sacking, canvas, and other coarse fabrics, but also furnishes the Laval linen, a very superior fabric. In French Flanders and all north-east France, as well as in Dauphiné, the manufacture of fine linens is actively pursued, and forms the chief occupation of many large towns. Cambray has given its name to cambric, and linen thread, gauze, lawn, printed linens, and other varieties of the manufacture, are also made at Cambray, Douai, Channey, and Guise. Lace is another general industry, that of Valenciennes taking the lead in public estimation and value. Linen manufactures have long been among the chief exports of France, and before 1789 they were exported even to the West Indies. They suffered with the rest at the Revolution, and it was not till the peace of 1815 that the trade gave signs of revival. The demand for linen had then lessened, as cotton goods had come into general use, and machinery had been invented in England for spinning the yarn, which so much diminished the cost of production that English linens found their way into France, where hand spinning continued to be employed. As a consequence, both the spinning and weaving of linen suffered a comparative decline. There was an outcry against the Cobden treaty from those engaged in the trade, that it would prove their ruin; a fear, happily, not borne out by results, as shown by the subjoined figures:—

EXPORTS OF LINEN YARNS.

Date.	Value.
1859 (year before the treaty) . . .	15,400,000 francs.
1864	24,500,000 „
Increase	9,100,000 „

The increase in the export of linen and hempen yarns is even more marked:—

EXPORTS OF HEMP AND FLAX YARNS.

1859	1,000,000 francs.
1864	21,000,000 „
1868	53,000,000 „

Compared with cotton and woollen yarns, this rapid growth is still more noticeable:—

EXPORTS OF COTTON AND WOOLLEN YARNS.

1859	6,900,000 francs.
1864	21,600,000 „
1868	27,200,000 „

These remarkable results, however, were chiefly brought about by the American war.

The cotton industry of France, which is divided into the three branches of spun thread, calicoes, and prints, is of modern introduction, dating from 1770. It was not till the French imitated the improved machinery of the English that this manufacture became of importance, and an extension of it took place in 1815. The chief source whence the raw material was obtained at that time was not, as now, America, but Egypt and the Levant. Most of the towns mentioned in connection with linen weaving are occupied also in the manufacture of cotton. Rouen in Normandy, the Manchester of France, is the metropolis of the trade, Havre, at the mouth of the Seine, representing Liverpool, as the depot for the raw material and the place of export for the manufactured article. The kindred arts of dyeing and printing are pursued in the province of Normandy and elsewhere. Cotton, however, is manufactured under disadvantages in France—machinery and coal are much dearer than in England, the cost of the latter being double what it is in Lancashire. England has consequently been able to undersell France in foreign markets. At various times the supply from the French looms has been in advance of the demand, and the stocks have had to be cleared at a loss. Yet between 1815 and 1840 the manufacture increased threefold, and under Napoleon III. it made rapid progress. Machinery for spinning has largely superseded manual labour, and hand weaving is now only practised for the thinnest gauzes, and for fabrics meeting the temporary demands of fashion. There are reckoned to be, however, no fewer than two hundred thousand hand-looms still worked, and the power-looms number eighty thousand. The cotton trade provides employment for six hundred thousand people, of whom one-third work at home. Cotton cloths were not formerly manufactured for exportation so much as to supply the home consumption, and the manufacture was fostered by protective duties in order to accomplish this object. The cessation of supplies of the raw material, owing to the American civil war, brought much distress upon the operatives, and caused the attention of manufacturers to be turned to India, China, Egypt, the Mediterranean coasts, and the Brazils. The commercial treaty having introduced iron into France at a much lower cost than it could be produced from the native mines, has placed the country more on an equality with England in the construction of machinery for her manufactures. So far have the effects of this treaty counterbalanced the drawbacks to progress, that from 1859 to 1864 the exports of cottons to the United Kingdom, the chief home of the trade in all its branches, advanced more than 100 per cent. Other interesting facts may be gleaned from a few miscellaneous statistics selected from the trade returns:—

EXPORTS OF COTTONS FROM FRANCE.

Date.	Value.
1836	66,500,000 francs.
1837	94,000,000 „
1838	114,000,000 „
1850	165,000,000 „
1866	177,100,000 „

The value of the exports to Britain alone between 1859 and 1864 rose from 5,700,000 to 12,670,000 francs. In consequence of the civil war in the United States, the importations of the staple fell in 1862 to a third of what they were in 1861. In 1866 they had again risen, from varied sources, to an amount nearly equal to that before the war, reaching 513,515 bales, equal to 120,000 tons, of raw cotton, and valued at [illegible]20,000,000 francs. In the same year the woven textures and yarns were estimated to be worth 800,000,000 francs. Of these a fifth part was exported. Woven goods alone were exported in 1859 to the value of 67,200,000 francs, while, in despite of the war, their value had reached 93,700,000 francs in the year 1864.

Of the porcelain and glass-ware manufactures, which have been famed for centuries, Paris and Limoges are the chief seats. Government favours the beautiful artistic products in porcelain of Sèvres. Some of them are reserved as special presents to princes, and the establishment is carried on by a charge upon the revenue. Paris likewise manufactures many tasteful articles in china, for which there is a large foreign demand. Still the porcelain manufacture does not advance so fast as the textile manufactures, owing to the inability of France to compete with England and Germany, where every branch of this industry is carried to perfection. The glass of France almost equals that of England, and in purity of material and in chasteness of design is thought to bear away the palm. This industry, like earthenware, has had to withstand rivalry of a formidable character from Bohemia, as well as from England. Its most flourishing period was in the early years of Louis Philippe's reign. In fancy glass of a cheap character no stand could be made against the products of Bohemia, but in mirrors and the finest cut glass Paris, the principal seat of this division of industry, has maintained its ground against the competition of the world. From 1831 to 1833 the exports of porcelain advanced in value from 3,000,000 to 4,500,000 francs, and of glass from 5,500,000 to 7,000,000 francs. The value of the earthenware exported in 1868 was 36,800,000 francs.

Paper and paper hangings are made in Paris and in many of the smaller towns. French paper of the finest kinds is in great demand in England, both for writing and for house-decoration, and its importation has been enlarged, under the tariff settled by the treaty of 1860. It owes its superiority to the artistic care with which it is prepared.

This branch of industry received an impulse from the application of chlorine in bleaching and from the use of vegetable instead of animal size. In 1827 the exports of paper were valued at 3,700,000 francs. In 1833 they reached 5,237,000 francs. Including books, the progress from 1837 to 1838 was from 13,400,000 to 15,200,000 francs. In 1868 it had risen to 41,600,000 francs. The exports to Great Britain alone, in 1870, including books, amounted in value to £154,024.

Paris itself must have special mention as the capital of the French empire, industrially as well as politically. More varied employments engage its vast population of nearly 2,000,000 inhabitants than that of any other French town, perhaps even than that of London. Every extensive handicraft is represented in Paris, and the minor pursuits are manifold. It is the great emporium of the empire. The grand total of its manufactures, in 1856, was, according to M. Block, of the value of 1,463,628,350 francs, of which the exports amounted in English money to between £40,000,000 and £50,000,000. Since that date the industrial and commercial advances of Paris have been still greater. Unceasing efforts have been made to equal the cheapness and strength of the English wares, and to add these elements to the taste and brilliancy characteristic of French productions. If these efforts have not yet accomplished all they aimed at, it is because the energies of England have been aroused to keep in the van of commercial enterprise. Parisian industry includes almost every item of luxury and usefulness, amongst the rest, jewellery, chronometers, watches and clocks, upholstery, scientific and musical instruments, perfumery, bijouterie, tasteful dresses, feathers, artificial flowers, buttons, kid-gloves, machinery, and numerous products of artistic labour. Many things sold as *articles de Paris* are made in the adjacent districts, just as in Switzerland the so-called Geneva watches are not necessarily made in that city, but are brought there for sale. Amongst the special manufactures of Paris are the Gobelins carpets, of very beautiful and expensive tapestry, and the shawls of Cashmere wool, which, like those of Rheims, now excel the choicest fabrics of the East Indies, and furnish employment for more than four thousand skilful operatives. The great object of the Parisians is to rival the English, to which end all the resources of science and art are brought into action. Every discovery in mechanics and chemistry is utilised in industrial affairs, and every commercial and mercantile aid is at once put into requisition to facilitate intercourse and to open up new markets.

Next to Paris, *Lyons* is the chief manufacturing city in France. It is the centre of the silk trade, and possesses a valuable traffic with England, America, Germany, Belgium, Russia, Turkey, and Spain. The operatives suffer from the vicissitudes peculiar to their trade, and have the reputation of being turbulent and disaffected in times of depression, when they have frequently risen against the authorities.

Havre is less a manufacturing than a commercial town. It is the principal emporium of the American trade. Its position relatively to Paris renders it of increasing importance as foreign trade expands.

Marseilles, the ancient entrepot of the Mediterranean trade, is the seat of many manufactures, as well as the grand outlet of the produce of the South of France. The commerce of Marseilles is principally with the Fast. Cotton and oil seeds from Egypt, Africa, and India, are important constituents of its import trade, while it obtains cocoons from the districts beyond the Caucasus, and from Japan. An extensive intercourse is carried on with Great Britain and America. The port is also important as a point of embarkation for passengers to India, by way of Suez, and maintains its commercial rank although closely pressed by the rivalry of Genoa, and still more threatened by Brindisi.

Nantes, on the western coast, makes the grain trade its speciality. This port, conveniently situated upon the Loire and near its mouth, has been made more available by improved facilities for inland transport of goods by road, rail, and river. Textile manufactures of an inferior kind flourish, and sugar refineries, chemical works, and foundries are in active operation. Grain, salt, iron, and coal are brought from the departments of the Loire for export, and commodities from abroad are forwarded to the interior. The trade of Nantes with Great Britain increases yearly.

Bordeaux is largely engaged in the wine trade. Its chief intercourse is with the United Kingdom, and has greatly extended since the conclusion of the treaty of commerce. Coal and colonial produce are the principal commodities received from Great Britain, much of the latter, however, being re-exported. The canal of Languedoc, constructed by Riquet, under the ministry of Colbert, unites Bordeaux with the Mediterranean, and enables a large trade to be carried on with the South of France.

Calais, *Boulogne*, and *Dieppe* are but little occupied in commerce and manufactures compared with the towns above described. They are, however, busy and prosperous, owing to their positions on the routes of the passenger traffic between France and the United Kingdom.

FRENCH FOREIGN TRADE.

England.—Vastly as the foreign trade of France has extended within recent years, it is still far from commensurate with the physical resources and geographical position of the country, and the intelligence, ingenuity, and enterprise of its inhabitants. This disparity is most seen in comparison with England. Ignorance and mutual distrust long kept the two countries apart, both cherishing the notion that naturally they were enemies rather than friends. In the last war in which the two nations were engaged they happily no longer faced each other, but fought side by side. The Cobden Treaty of 1860 made up for the loss which befell both countries upon the sudden stopping of the American cotton trade, by the blockade of the Southern Ports. Every year has since increased this intercourse, which, while it adds to the prosperity of both, strengthens the bonds of amity. The treaty, viewed with alarm by many on both sides, has brought about no consequences which are not reassuring. By comparing recent statistics of the gross trade and of the trade with Great Britain, we shall perceive the increase in every department of French commerce under the stimulus given by the Cobden Treaty:—

		Increase.
Gross value of exports from France—		
1864, 2,942,200,000 frs.	1859, 2,266,400,000 frs.	675,800,000
Total value of exports to Great Britain—		
1864, 904,441,000 frs.	1859, 591,277,000 frs.	313,164,000

In British money the exports for 1864 to England were valued at £36,177,640, those of 1838 at £5,602,145. Now they exceed the French exports to all the world thirty years ago. Such an advance is unparalleled in the history of France. The next period of five years ending in 1869, has had no disturbing element of war, and has advanced at an accelerated speed. The nature of the commerce between France and England may be gathered from an enumeration of the principal items of export and import:—

EXPORTS TO ENGLAND.

Silk manufactures and raw silk.
Fine woollens.
Cambric.
Parisian wares.
Clocks and watches.
Furniture.
Fruit and eggs.
Gloves and shoes.
Madder and garancine.
Paper and paper-hangings.
Wines and brandy.
Seeds.
Olive oil.
Quinine.
Feathers and artificial flowers.
Lace.

IMPORTS TO FRANCE.

Apparel and haberdashery.
Iron and steel, arms and ammunition.
Tin and tinned plates.
Linen and linen yarns.
Cotton and cotton yarns.
Hardware and cutlery.
Copper.
Coal.
Leather manufactures.
Foreign produce (re-exported from Great Britain).

Germany.—The proximity of Germany to France causes a commercial intercourse, which is of such importance that all the ingenious devices to hamper and destroy the trade have met with but partial success. Every petty German state at one time had its own customs dues, but the institution of the Zollverein abated this vexation, and the connection of North Germany with Prussia will probably influence commerce still more advantageously. From Germany, France obtains wool, cattle, and grain. Linen and linen yarn now arrive in much less quantity than formerly. The balance of trade is almost always in favour of Germany, that is to say, specie has to be transmitted from France in payment of imports, which circumstance shows that German products are in greater demand in France than French products are in Germany.

United States.—France has always cultivated a friendly intercourse with the United States, not always from admiration of its institutions, but sometimes from the less worthy motive of enmity to England. From the year 1827 to 1839, this trade was unusually prosperous. The reduction of duties in 1833 gave it a great impulse. It was checked by the recent American war, but rapidly recovered its former dimensions. France sends to the States silk fabrics, woollens, cambric, and other fine linens. Cotton goods are exported in small quantities, wine and brandy largely, pottery, paper, olive oil, and articles of ornament and fashion are also sent. The imports from America comprise cotton, tobacco, cochineal, and potash. Tobacco has for some years been cultivated with great success in France, but though the quantity is large, it does not equal the American leaf in quality. The progress of the trade with America before 1839 is subjoined :—

Date.	Value of Imports.	Value of Exports.
	Francs.	Francs.
1835	196,000,000	89,500,000
1836	239,000,000	110,750,000
1837	98,500,000	117,750,000
1838	132,750,000	170,750,000

The partial cessation of the trade, while the civil war was proceeding, has rendered the course of interchange irregular in recent years, but the general tendency has been to increase. In 1868 the imports from the United States was of the value of one hundred and fifty-six millions francs, and the exports to one hundred and twenty-six millions.

France carries on a valuable commerce with Holland, Belgium, Switzerland, Italy, Spain, and Portugal, which has already been noticed in our account of the commerce of these countries.

The Mediterranean trade, for which France is so excellently situated, but of which the empire was deprived by the English fleet in the time of the first Napoleon, has, since the introduction of steam navigation, risen to great importance. The overland route to India has brought much prosperity to Marseilles, now one of the most flourishing cities in France. Toulon, Dix, Montpelier, and every Mediterranean port share in a minor degree the same advantages. Cette is an instance of a flourishing town owing its origin to great works of economic utility. It arose in the time of Louis XIV., directly from the construction of the canal of Languedoc, and is now an important commercial town, as well as the favoured place of resort by the sea-bathers of the south.

Colonial Trade.—Algiers is now the only important colony of France. The West Indian colonies and the settlements in Asia are too small to affect either its commerce or revenue. Before 1825 the produce of sugar from the West Indies supplemented the beetroot manufacture. It gradually fell, till, in 1840, an excise levied upon the beet sugar promised to restore the colonial industry. The moral effect of the liberation of the slaves by the English, however, influenced the French at this time, and they abolished slavery when its continuance might have been commercially advantageous. As a consequence it has only been quite recently that free labour in Guadaloupe and Bourbon has produced enough sugar to export with profit. The trade of Martinique remains nearly stationary.

In generalising the results of the commercial treaty of 1860 we may observe that its tendency has been to enlarge both the domestic industry and the external commerce of France. It has also altered the relation which industry and commerce bore to each other. Trade before the treaty was primarily confined to the supply of home demands. It has been seen lately that this is most efficiently accomplished by unrestricted interchange with other countries, and, without doubt, the intercourse of France with the whole world is enlarged as a consequence of the treaty with England. While the incentive to outvie the British excites a generous emulation in industry, it is a healthy stimulus to both nations. The course pursued under the second empire tended to confidence rather than to distrust, and gave great reason to hope that the calamities of war between the two were not likely to be again experienced. Among the political changes brought about by the Franco-German war, must be reckoned an apparent change in the commercial policy of France, and a reversion, under the present possessors of power, to old restrictive principles. The total general commerce of France in 1868 was 4,258,000,000 francs imports, and 3,721,000,000 exports.

CHAPTER VIII.

THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND.

I.—COMMERCIAL POLICY.—SHIP-BUILDING.

BEFORE 1789, the English minister Pitt had sought to initiate free trade with France, a measure which was frustrated by the outbreak of the Revolution. Already coal had been rendered available for the process of iron-smelting, which, through the diminution of the forests, had become so unimportant an industry, that England was yearly more dependent upon Sweden and Russia for her supplies of the metal, although her own mines were inexhaustible. Sweden drew from England annually at this time one and a half millions sterling for wrought iron. Improvements in machinery were making rapid progress, and even thus early steam power was utilised.

War diverted the current of events. Shut out from almost all Europe, the English were impelled to seek markets further from home. Spain and Sweden were for years the only countries in Europe open to our ships. Thence many English goods reached the closed states, and a contraband trade was even covertly encouraged by the governments. Without war, England might possibly have sooner attained to the extent of trade she now possesses, but it would have been in conjunction with the rest of Europe. War threw the entire European commerce into her hands, and swept the sea of rivals, while India and America opened wider fields of interchange than those from which she was excluded. At a prodigious cost many powers were kept in the field against France. To supply the wants of the forces, gave employment to an industrial army at home; but with peace came the reaction and labour temporarily suffered, yet the earnings of industry were still great. Much of this was effected by throwing upon posterity payment of the debts incurred, a policy which, whether right or wrong, has encumbered the subsequent generation with burdens —though not too heavy, it may be hoped, for patient endurance.

GROWTH OF THE NATIONAL DEBT.

Year.		£
1688..	The King's Debt at the Accession of William III...	664,263
1702..	The National Debt „ Anne	12,767,225
1714..	„ „ „ George I.	36,175,460
1727..	„ „ „ George II.....	52,523,023
1760..	„ „ „ George III. ..	102,014,018
1820..	„ „ „ George IV. ..	834,900,960
1830..	„ „ „ William IV. ..	784,803,997
1837..	„ „ „ Victoria	787,529,114
1870..	Funded £740,789,584—Unfunded £6,761,500 Estimated Capital of Annuities £53,140,380	..800,681,428

ANNUAL CHARGE FOR DEBT.

	In 1792. £	In 1816. £	In 1846. £
Interest and Management of Funded Debt..............	7,817,750	28,563,592,	23,739,573
Ditto of Unfunded Debt	346,713	1,998,937	421,432
Terminable Annuities	1,307,212	1,894,612	3,916,982
Total Charge............	9,471,675	32,457,141	28,077,987

	In 1856. £	In 1866. £	In 1870. £
Interest and Management of Funded Debt..............	23,378,634	23,542,594	22,427,854
Ditto of Unfunded Debt	870,284	328,800	252,951
Terminable Annuities	3,863,907	2,361,894	4,365,848
Total Charge............	28,112,825	26,233,288	27,046,653

From 1793 to 1802, the sum of £450,000,000 was spent, while our exports did not exceed an annual average of £20,000,000. The expenditure from 1802 to the peace of 1815 was £1,113,000,000, or £80,000,000 a year, while the exports during the same period only amounted to £720,000,000, and were swollen to this amount by the supplies sent to the troops and to the English allies. Shipbuilding underwent an extraordinary development, and the loans negotiated by the government being expended in the materials of food, clothing, and ammunition, imparted such vigour to agriculture and to many departments of labour, that the weight of taxation was considerably alleviated.

The history of the war shows how much the development of British trade depended on political changes, and how skilfully every obstacle was made use of to expand it. Subsequent and previous events illustrate the same fact.

The severance of Brazil from Portugal, and of the Spanish republics from Spain, opened the whole of South America to British merchants, who, when the Baltic was closed, turned to Canada for timber and forest products, and created a trade which benefited both sides of the Atlantic. Again, the voluntary severance of the United States from the mother country gave greater freedom of growth to those colonies; and when ill-feeling had subsided, those who were once fellow-subjects became mutually good customers. Thus the insular energy of the United Kingdom confronted every danger, and educed good from evil. The British colonial empire also spread through every ocean; many stations, the prize of conquest, which promised commercial gain, or were favourable as military depots, being retained at the conclusion of peace, while others were restored.

Meanwhile, the impulse given to the iron trade, and the application of steam power, were doing their mighty work, and the consequent improvements which took place in industrial machinery gave a vast expansion to industry and interchange. Steam, applied to locomotion, facilitated communication, both by land and water, with the whole world; and now, by means of the electric telegraph, supply and demand can be so regulated as to avoid extreme fluctuations in prices, and the tendency to equalise profits and to discourage rash speculation is promoted. Extended intercourse has acted and reacted beneficially upon the nations brought together by commerce. While England keeps the lead, and may in so far claim to be a great social benefactor, she receives as richly as she distributes. The Atlantic is now crossed in little more than a week, a voyage which, before the passage of the *Great Western* steamship in 1838, took five or six weeks. India can be reached overland in less than a month,* and by the way of the Cape in double that time, instead of, as before, occupying nearly half a year.

The British steam fleet is twelve or fourteen fold as numerous as it was thirty years ago. Legislation has aided in this development, and the United Kingdom leads the world, as it has been remarked, not only by the magnitude of her commerce, but by the wisdom of the principles upon which it is conducted. The principle of levying customs and excise merely for revenue and not for protection, upon which British legislation has been conducted for some years, has helped to keep England as the focus to which ships converge, bearing the products of nature and art from every clime, and from which also as many radiate, freighted with British manufactures for world-wide use. Postal facilities, also the fruit of legislation, save both time and labour, by the safe and speedy transmission of orders and patterns by post, and of orders for payments of money. The transmission of small sums by this means has so much increased, that the amount of "Seven Days' Bills" standing to the debit of the Bank of England is reduced from nearly a million sterling, at which it once stood, to half that amount. Much business also, which once involved expensive journeys, is now transacted by correspondence; while, on the other hand, a run across the Atlantic is thought less of than a journey to Edinburgh was a few generations ago; and business agents as easily make the tour of Europe as they formerly did of a district of their own country.

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* The "regulation" time to Bombay is twenty-three days.

France, Holland, Germany, and Russia are the chief States in Europe that have shared with England the great commercial development of this epoch. As their home manufactures increased, they became less dependent upon England for their supplies of clothing and other commodities. Yet, the resources of these countries increasing with their wealth, the value of the commerce between them and England has risen year by year; while the articles traded in have been very variable in kind and in amount. In the case of Spain and Portugal the policy of high protective duties has extinguished home manufactures, and caused a diminished trade even in wines, the sherry and port of these countries gradually giving way to the lighter wines of France, where a more liberal tariff prevails. Spain appears to be at length awakening to these facts, and with next to nothing left to protect, evinces a willingness, rather than a desire, to mitigate her tariff.

II.—DISCOVERIES OF GOLD.

Mr. Hargreaves first discovered gold in Australia in 1851. He had been to the "diggings" in California, and, on his return to Bathurst, was struck by the geological resemblance of the district to the gold regions he had just left. Thus stimulated to search, he was rewarded in a month or two with considerable finds of gold. On making the intelligence known, he readily obtained a Government reward, and an appointment as Commissioner of Crown lands. A native shepherd, in the service of Dr. Kerr, soon afterwards found a mass of pure solid gold. Richer gold-fields were shortly afterwards found to exist in the neighbouring province of Port Phillip (now Victoria); and within ten years, gold was sent to England to the amount of £100,000,000. During two or three years of this period, an annual average exceeding £12,000,000 sterling arrived in England; and the quantity found within more recent years still amounts to from £7,000,000 to £8,000,000 annually. The total exports of gold between 1851 and 1868 amounted to more than £31,000,000 from New South Wales, and above £138,000,000 from Victoria—an aggregate of more than £169,000,000. These well-nigh incredible sums are amounts entered on ships' manifests, and are irrespective of the gold retained in the colony, and the large sums brought under private charge. Some of the largest masses of gold ever found have been the produce of Australia. The principal are :—

	Yield of Gold.	Valued at.
1. Mass found, as above, by native shepherd	—	—
2. Three quartz blocks, 2 to 3 cwt., found in Merroo Creek, N. S. Wales	1344 ozs.	£5,400
3. "Victoria" Nugget from Bendigo, Victoria, a mass of virgin gold . .	340 ozs.	£1,360
4. Water-worn nugget of pure gold, also from Bendigo	1272 ozs.	£5,000
5. "Welcome" Nugget from Ballarat .	2217 ozs.	£10,000
6. The "Blanche Barkly" Nugget, from King-ower	1740 ozs.	£6,905
7. Nugget at Canadian Gully, Ballarat	1615 ozs.	£5,600
8. The "Heron" Nugget, a solid lump (near Mount Alexander) . . .	1008 ozs.	£4,080

The influx of the precious metals has nevertheless had but a comparatively small effect upon prices. The yearly supply, though vast, is as nothing compared with the accumulated stores of ages, consequent on the indestructible character of gold. The annual increment would not suffice to pay the interest of our national debt or to relieve England of more than twenty-five per cent. of taxation. In twenty years, however, the quantity produced must have been equivalent to more than five hundred millions sterling.

What has become of this immense store? Much of it has been coined to meet the demands of a rapidly-growing commerce and the wants of an increasing population. If the abundance of gold has not perceptibly diminished its value, it has certainly saved us from the inconveniences of scarcity and enhanced value. Much has been diverted to the arts; and wealth and knowledge have created manifold uses for gold, only possible from its abundance. Electrotype gilding, for instance, is an entirely new art. A great quantity has been absorbed by India, where, not being a native product, it is highly prized. The Hindoos have experienced the blessings of just laws and a settled government too short a time to feel confidence in the security of their property, so that the custom of hoarding still largely prevails. In this manner, it is believed, much of the Californian and Australian gold has been absorbed. The production and consumption of silver have kept pace with those of gold so nearly, that the value of the former compared with that of the latter has only varied within the limits of threepence an ounce, and no modification of silver coin has been necessary.

We are not to suppose that England's wealth and greatness are due to the arrivals of gold. Every ounce of gold brought to England in the course of commerce represents labour, not only in obtaining it abroad, but also at home, in the production of commodities for exchange. No part of the gold produce was a gift to English industry, nor was it an unearned tribute levied by the Government upon the colonies. Gold is but a small part of the wealth of England. Our yearly yields of coal and iron exceed in value that of gold throughout the world. During this *golden* age there has been, almost without exception, an annual surplus of revenue.

Meanwhile England has waged a costly war against Russia, a smaller war in Abyssinia, put down a fearful insurrection in India, and a lavish outlay has been required for the reconstruction of her navy and the improvement of the national defences. With all these drawbacks, industry and wealth have now expanded to wider dimensions than ever before attained, and still give signs of healthy growth.

Maritime adventure, from the love of enterprise and in the pursuit of science, has been promoted rather than neglected in the eager race for wealth. Polar explorations have animated numerous heroes with the olden zeal, and claimed numerous martyrs during the present century. British research has been crowned with the discovery of the north-west passage, invaluable in a geographical sense, but destitute of any practical or commercial importance on account of the severe cold of the high latitudes through which the channel passes. Thus all that is good and vigorous in British enterprise is due not to gold, but to the national character, and the country keeps her place, advances, or retrogrades in the ratio of her skill, intelligence, energy, and good faith. Gold flowing into her coffers from America and Australia has not prevented the recurrence of mercantile crises, accompanied by collapses of credit, as severe, and as widely felt as those of 1797, 1825, and 1836.

III.—BRITISH AGRICULTURE SINCE 1789.—CORN LAWS. POOR LAWS.—COTTON TRADE.—COLONIAL TRADE.

A fondness for the soil is distinctive of British character. Yet this epoch being essentially that of manufactures and commerce, agriculture, while it has positively advanced, has relatively lost ground. This is the more noticeable, inasmuch as the produce of English husbandry consists almost wholly of food for man and for domestic animals. Corn and grass, root crops, and pulse are extensively grown. English horses, cattle, and sheep are equal to any in the world, and the dairy produce is excellent; but there are no great fields of flax and hemp or madder root, nor are there any vineyards. The nearest approach to the cultivation of raw produce for manufactures is found in the apples of the south-west counties, grown for cider making, and hops and barley for brewing. The raw material for the great textile manufactures is imported. Even English wool, which is of first-rate quality, only supplements the larger supplies from Australia and other lands. Restrictions upon the importation of corn, while increasing the landowners' and farmers' profits, took away the incentives to improved husbandry produced by competition. These restrictions, added to the growth of population following upon the increasing wealth derived from manufacturing and commercial industry, combined to keep up the price of corn, and ultimately to render bread so dear as to cause universal distress. It became plain at last that no one interest must possess privileges at the expense of the rest, and that least of all should bread, the staff of life, be thus made dear. The question was very serious. Corn of home growth was far from enough to meet the demands for consumption. Grain had to be imported in large quantities, as the subjoined facts will show:—

Date.	Value of grain imported.
1800 to 1802	£19,600,000.
1817 to 1819	£25,200,000.
1829 to 1831	£18,200,000.

Whatever duty was levied upon foreign imports, the home-grown corn rose at once to the same price, for the farmers would not sell below it. A double injury was thus inflicted upon British industry; dearness of bread, compelling the operatives to resort to substitutes for bread, made every form of food dear. As the real value of wages is to be measured by what the labourer can procure for his money, this high cost of the prime necessaries of life made him clamour for higher pay, and led to discontent and strikes. Again, the grant of more wages enhanced the cost of our manufactures. At length enormous numbers of the people emigrated to America, Australia, and the Cape of Good Hope; but, as productive labourers, their departure was a national loss rather than a relief. Matters grew worse every year. Even the middle classes were compelled to retrench in their consumption of bread. A crusade against the corn laws began to be advocated by a section of economists in the years 1839 and 1840, and by slow degrees nearly the whole of England was roused to a conviction of the harm done by these obnoxious duties. It was, however, feared by some that agriculture could not stand alone, after having been so long supported. The idea that protection was a duty had taken such firm hold upon many minds, that a powerful opposition resisted any change for some years longer. Meanwhile the corn-growing countries copied the evil example, and retaliated with heavy duties upon our manufactures. Industry languished, and the price of food continued to rise. There came at length a year of dearth. Famine and pestilence ravaged Ireland, and Great Britain endured privations unknown within the memory of man. What reason and argument could not achieve, was brought about by the logic of starvation, and all the ports of the empire were, in 1846, thrown open to the foreign corn trade by an Order from the Queen in Council. Since that year, the price of bread has fluctuated between narrower limits, and has never been so dear as it was formerly.

English Poor Laws.—For more than two hundred and fifty years the duty has been recognised in England of providing for the incapable poor, by a compulsory contribution or rate from those in business or having a regular income, according to their means. This system, good in principle, became bad through erroneous legislation, and in the end was abused, so that the misery of the labouring classes was increased instead of being diminished. To understand this, a brief history of the poor laws is necessary. Before the suppression of monachism in England, the relief of the poor was quite voluntary, the clergy acting as almoners of the bounty of the benevolent, an arrangement still existing in some of the Roman Catholic States of the Continent. It was made unlawful to beg, except at the religious houses, and upon the dissolution of these sources of relief, an immediate necessity arose for repressing vagrancy. Henry VIII., therefore, in 1536, enjoined that every parish should collect alms for the support of the helpless poor, and gave power to the local officers to compel able-bodied vagrants to work for their living; severe penalties being imposed for disobedience. An assessment upon rate-payers was made in 1572, in consequence of the failure of the voluntary system. It was not, however, till the famous statute of 43 Elizabeth, ch. 2, in 1601, that the English poor laws were codified and reduced to a system. The preamble stated the object of this law to be "to set the poor to work, to relieve the lame, impotent, old, and blind, and to put their children as apprentices." The act of Elizabeth is notable for the introduction of the labour test, to prove that indigence and not indolence urged the applicant to seek relief. No able-bodied pauper henceforward was to receive relief except upon condition of working. In the reign of James I., this principle was further enforced by the erection of "Houses of Correction," where such labour-tests could be applied. These houses, although they foreshadowed the modern workhouse, were mainly, and now are solely, used as places of penal labour. Workhouses properly so called, were not built until the reign of George I., in the year 1723. By an enactment of this date, paupers were required to enter the poor-house, and by their labour to repay the cost of their maintenance. Many thought that the difficulty was now solved, perhaps even a profit was to be got out of pauper labour. Hard as it was upon the poor, reduced by misfortune, to break up their homes before they could receive relief, yet the requirement rid the parishes of lazy impostors. The provisions of this act were not strictly carried out. Partial aid from the rates was awarded to labourers in employment, and at length it was regarded by the poor as right that they should thus receive an addition to their wages. This practice paved the way for Gilbert's Act of 1782 (22 Geo. III. c. 83), which made it imperative upon the parish guardians to provide employment for every pauper parishioner. By a subsequent Act, in 1797, these arrangements which had before been tentative, were made permanent. Out-door relief to the able-bodied became from this time an institution of the land.

This scheme, framed rather on the economic ignorance of the Middle Ages than with prudence and foresight, had the effect of fostering idle and drunken habits, vicious life, and pauperism. Tables were made out stating the amount of wages which a labourer *ought* to be paid, in relation to the price of bread. The minimum wages were put down at 3*s.* *a-week*, increasing with the cost of the loaf and with the number of children in the family. A man with seven children, when bread was 3*s.* a peck, could demand, by law, relief to the amount of 15*s.* a-week, and when bread rose to 4*s.* 3*d.*, to the amount of 20*s.* 3*d.* Paupers secured in this manner as much bread in seasons of scarcity as in those of abundance, while the thrifty rate-payers had to deny themselves many of the necessaries of life, whenever bread was dear, in order to pay their rates. If the object had been to boast of the large sum spent upon paupers or to cultivate the pauper community as one of the resources of the kingdom, success could not have been more complete. Poverty became synonymous with sloth and ignorance, vice and crime; the poor lost their self-reliance, their sense of shame, and all care for the future. These evils were aggravated by the law of settlement, which bound labourers like serfs to their parish, and gave rise to parochial feuds and litigation all over England, in deciding to what locality those paupers "belonged," who had left the parish of their birth or apprenticeship. Numbers of labourers were passed on to their parishes, where they were useless, and in other places where labour was in request, the most jealous restrictions were in vogue, to prevent labourers making a "settlement."

Before the Act of 1797, the poor-rates never reached £2,000,000 yearly. At the beginning of the *present* century they exceeded £9,000,000. From 1782 to 1834, a period of more than fifty years, the ratepayers endured a burden, the oppressiveness of which increased in a ratio, greater than that of the population and of the national wealth. Some parts of the country were so heavily taxed that the produce of the land could not pay for its cultivation, and rather than bear the local imposts proprietors and occupiers not unfrequently allowed their fields to revert to the condition of waste land. The Poor Law Amendment Act of 1834 (4 and 5 Will. IV.), based upon the laws of Elizabeth and of Geo. I., by re-establishing the labour test and limiting the out-door relief, reduced the rates in three years by one half. Labour again became an object of pursuit, now that it was the only means of obtaining a subsistence, and the crowd of worthless idlers formerly living upon the parish alms disappeared. Since this time many of the other evils of the system have been extinguished, public morality is higher, and though pauperism has fluctuated with the prosperity of the times, it has never assumed such alarming proportions as under the old law.

We gather from these facts why a diminished trade, no matter from what cause, was to England such a calamity. Taxation was so burdensome that it hampered industry even in times of abundance, while in times of scarcity the army of paupers became swollen, and the levies upon the middle classes were well-nigh unendurable.

Morality, and therefore industry, were lowered in the early part of this epoch by the prevailing military spirit. Labourers were taken from the plough, the forge, and the loom, and, while drilled into good soldiers, were spoiled for the productive arts. Whether disbanded or invalided, in the end, their life in barrack and in camp unfitted them for peaceful pursuits. Drunkenness and other vices spread from the soldiers to the working classes, and were very prevalent long after the close of the war. The factory system had likewise a deteriorating influence. Immigrations of Irish of the lowest order, into the manufacturing towns, took place in considerable numbers. Children of the tenderest years were taken into the factories, school and home training, as well as health and growth, being sacrificed for the small pittances they could earn in cotton, woollen, and silk mills. Whole families were oftentimes employed, from the youngest child to the parent or even grand-parent, and thus the influences of home, the great safeguard of English virtue, were seriously interfered with. Factory acts to regulate the employment of women and children, and to fix limits to the age at which children may be employed, and the number of hours for which they may labour, have since conferred a blessing upon the helpless young, by ensuring them a longer period of home life and some amount of school instruction.

Emigration, also, has had an important share in the formation of the character of the present times. The nineteenth century has been characterized by emigration on a scale never before witnessed. Commercial inducements have led many English to settle in France and Russia, but these are few compared with the hundreds of thousands of colonists who have gone to the United States and British North America, and still more recently to Australia, New Zealand, and Tasmania.

The chief emigrants have been our artisans, yet individuals of a higher social class have gone out either on the service of the government, or of their own accord, but in these instances principally to the English colonies and possessions. Of our Irish fellow-citizens who have left their native land since 1850, amounting in all to four and a half [illegible] of souls, nearly the whole have settled in the [illegible]es.

IV.—BRITISH MANUFACTURES.

1st. *Cotton.*—British manufactures surpass in extent and value, and, in many instances, in quality also, those of every other part of the world, and the cotton manufacture surpasses every other in England. About one hundred years ago (1767) wool was the staple English manufacture, and employed a million and a half of hands, while of cotton there was imported less than four million pounds' weight, much of which was used for candle-wicks. Previous to the recent civil war in the United States our annual imports of raw cotton from America amounted to 1,116,000,000 of pounds. The total retained in the country from all sources was 1,140,000,000 of pounds. Every spindle now produces fifty times more yarn than in 1820, and the number of spindles is increased more than tenfold. The mule-frame, at first set with twenty spindles, now works three thousand with greater accuracy, and is under the charge of one individual. Power-looms, introduced within the present century, turn out fourteen million yards, or eight thousand miles, of cotton cloth in a day. It is computed that one-sixth of the English people are in one form or other dependent for subsistence upon what is really a new national industry, and that the annual value is equivalent to the revenue of the United Kingdom. The growth of manufacturing towns is largely associated with this industry. Manchester contains ten times the number of people living there a century back, and twice as many as then inhabited the county of Lancashire. Liverpool, the great cotton port, has kept pace with Manchester in industry, population, and wealth.

England and the Southern States of the American Union were mutually interested in this trade. No other part of the world could compete in cotton with the produce of these states, and in no country could capital and mechanical genius combine so effectually as in England for pre-eminence in the fabrication of the cloth. The advantages of the

American supply were not unmixed with causes of apprehension. England was almost dependent upon a single country for the raw material of her chief branch of manufacturing industry. A few bad seasons, a political crisis, or a servile war, all of which were possible events, might at any time have deprived tens of thousands of English artisans of their means of earning a livelihood. The danger was foreseen, but no precautions were taken to meet it. The civil war in America, breaking out in 1861, brought the feared crisis, and distress unparalleled, but bravely borne, prevailed for several years in Lancashire and parts of the adjacent counties. With the termination of the struggle in 1865 the Southern States began gradually to resume their position as the cotton growers of the world, and the most recent returns point to a more successful cultivation than ever.

Machinery makes England pre-eminent in cotton spinning as well as in weaving. Russia, Germany, Holland, Italy, and France obtain a large quantity of twist, yarn, and spun cotton from the United Kingdom for further manufacture. In the year 1839 the value of yarn exported was nearly half that of cotton textures. The weight of the yarn was 115,000,000 lbs., of which European States took 95,000,000 lbs., and China the greater part of the remainder. Some went to the British colonies. Machinery for spinning worth £60,000 was exported in the same year, and much more in succeeding years. By these means the manufacturing States eventually produced fine yarn for their own looms, but the exports from England still continued large.

The stages of development of the cotton manufacture are marked by the successive inventions and improvements in the machinery employed. By the ruling of the Court of King's Bench in 1785, Sir Richard Arkwright's patents were set aside, and his inventions became the common property of the public. It was at this juncture that Watt's steam-engine had been just applied in a cotton mill. Dr.

Cartwright's power-loom, too, came into practical use in 1801, although its invention dates as far back as 1787.

In the subjoined tables the interesting history of the British cotton trade is epitomized :—

POWER-LOOMS.

	NO. USED IN COTTON MANUFACTURES.		
	Date.	England.	Scotland.
From Baines' "History of the Cotton Manufacture."	1813	2,400	
	1820	12,000	2,000
	1833	85,000	15,000
	1870	411,000	26,000

COTTON EXPORTED.

	1820.	1838.
Plain and coloured fabrics	Yards, 248,370,630	690,077,622
	Value, £13,193,529	£15,554,733
Hosiery, &c.	„ £496,580	£1,161,124
Yarn	Lbs., 23,032,325	114,596,602
	Value, £2,826,639	£7,431,869
Total value . . .	£16,516,748	£24,147,726

	1855.	1865.
Plain and coloured fabrics	Yds., 1,937,734,025	2,575,698,138
	Value, £26,123,477	£57,903,200
Hosiery and sewing thread	„ £1,455,269	£3,024,219
Yarn	Lbs., 165,493,598	138,804,538
	Value, £7,200,395	£13,685,627
Total value . . .	£34,779,141	£74,613,046

Statistical tables showing the present aspect of cotton industry in the United Kingdom :—

COTTON EXPORTED, 1870.	
Plain and coloured fabrics. .	Yds., 3,266,998,366
	Value, £53,348,205
Hosiery, &c., and sewing thread	,, £3,397,005
Twist and yarn	Lbs., 186,078,060
	Value, £15,888,216
Total value, . . .	£72,633,426

The following is a return of the cotton factories of the kingdom as given by the Factory Inspectors in 1871 :—

	Factories.	Doubling Spindles.	Power-looms.	Operatives.
England	2371	36,104,958	411,336	414,970
Scotland	98	1,487,871	25,903	30,960
Ireland	14	125,929	3,437	4,157
Total	2483	37,718,758	440,676	450,087

We observe from these tables that while the quantity of cotton wrought has amazingly increased, the cost of production of the finished commodity has quite as strikingly declined. This decline measures partly the improved growth and supply of the staple, but much more the economy of manufacture by constant approximations to perfection made in the English machinery.

What machinery can do is exemplified in the case of India, a country long celebrated for its fine cotton tissues, which are now excelled by English manufactures. It is more advantageous for India to send the raw material to England, to be returned in the form of fabrics, and bear the cost and loss of time of a voyage of twenty-four thousand miles to and fro, than to make it at home by hand and sell the product at the nearest market. This is explained by the rapid and incessant outflow from machinery, which produces commodities by tens of thousands, economically, while the cost for one, or for small numbers, would far exceed that of hand labour, and would indeed prohibit production.

Woollens.—The metropolis of this ancient staple trade is Leeds, and its manufacture is principally spread over the coal-field of Yorkshire, but the broadcloths of the west of England are the most renowned for quality. Besides broadcloths, flannels, worsteds, blankets, carpets, mixtures, and shoddy, are woollen products, giving employment to various towns and localities in Great Britain. An enormous quantity of wool is produced at home, but a far larger quantity is imported from abroad, the finest varieties coming from Germany, Spain, and, above all, from Australia. Until the year 1802, foreign wool was allowed to enter duty free into England, but from that date until 1825 it became the sport of legislation, being subjected to capricious imposts, continually varying, and ranging between 5*s.* 3*d.* and 56*s.* a cwt. Since 1825 it has again been admitted duty free. The weight of wool used in 1836 was 147,600,000 pounds of home growth and 30,000,000 pounds imported. In 1839 the foreign imports had increased by 7,000,000 pounds. The value of woollen fabrics exported was between £6,000,000 and £7,000,000. The chief customer for these goods was the United States. The commercial derangement in that country in 1836 brought very great losses upon Leeds and its neighbourhood. Indeed, the rivalry of France, Germany, and Belgium, all of which countries produce excellent cloths, and the improvements in foreign machinery, so prejudiced our export woollen trade, that it seemed to be in a fair way of disappearing. From 1820 to 1840 our exports to Germany were reduced by a third; to Holland, by more than a half; to distant parts—India, China, and America, the quantity sent out at the best did not increase, while to Russia the diminution was very remarkable. Thus, the number of pieces of woollen cloths and fabrics sent to Russia from England in the decennial intervals ending in 1820, 1830, and 1840 were respectively 31,824, 7,415, and 1,680. The merino sheep of Spain has been the chief source of fine wool, and was until the commencement of the nineteenth century the main reliance for foreign imports. English flocks have been crossed with the merino, and to the same breed are due the fine wools of Australia and the Cape of Good Hope. Saxony and other German wools also trace their excellence to the same origin. Australia appears capable of supplying indefinite quantities of wool, and proves as suited for its production as the Southern States of America are for cotton.

The growth of the woollen industry during the eighteenth and nineteenth centuries is shown in the tables appended:—

RAW WOOL FOR MANUFACTURE.

DATE.	HOME PRODUCE.	IMPORTED.
	lbs.	lbs.
1800	94,500,000	3,000,000
1840	120,000,000	57,000,000
1860	150,000,000	148,396,577
1870	160,000,000	266,329,605

MANUFACTURED FABRICS.

DATE.	GROSS VALUE.	VALUE OF EXPORTS.	
		Manufactures and Yarn.	British Wool.
1700	About £6,000,000	..	..
1750	„ 8,500,000	..	..
1775	„ 12,750,000	£3,000,000	..
1800	„ 17,500,000	6,000,000	..
1850	„ 30,000,000	10,040,332	..
1860	„ 50,000,000	16,000,448	£877,082
1870	„ 70,000,000	31,831,217	575,583

The total exports of woollen and worsted manufactures and yarns in 1870 were of the value of £32,406,800.

The gross value of the British woollen industry is computed to exceed £70,000,000 at the present time. In 1860 it was computed at £50,000,000, and in 1850 at £30,000,000.

The export trade of British wool and woollens now constitutes one-sixth of the total value of the exports.

The value of the foreign and colonial wool imported averages more than £15,000,000, about two-fifths of which is re-exported, and of foreign woollen manufactures we import to the value of £2,500,000 annually.

GENERAL VIEW OF BRITISH WOOLLEN INDUSTRIES.

	ENGLAND.	SCOTLAND.	IRELAND.
Woollen Factories . . .	1,550	218	61
Power Looms	37,356	10,543	241
Spindles.	2,193,324	469,524	29,895
Operatives	100,640	23,000	1,490
Shoddy Factories	120	None	None
Power Looms. . . .	2,690	”	”
Operatives	3,816	”	”
Worsted Factories . . .	599	28	3
Power Looms	63,445	1,201	10
Spindles.	2,058,876	71,556	1,020
Operatives	103,514	5,968	75

Silk Fabrics.—Previous to the year 1824, Spitalfields and Coventry were the only places in England where silk might legally be manufactured. Silk-weaving had been long at a standstill, the quantity of raw material imported continuing at a steady annual amount of about 2,500,000 lbs. By the removal of restrictions upon the localities of manufacture, and also upon the introduction of foreign silks, the English weavers were aroused from their lethargy, and made to feel that their success depended upon their industry and skill. The usual outcry was raised, but improvement followed in due course. Between 1824 and 1840 the average imports of raw silks for manufacture increased one million pounds yearly, and the annual produce reached the value of £10,000,000. Manchester, Paisley, and Glasgow began to engage in the trade, and found it a mainstay for their operatives during any depression in the cotton trade. These seats of labour now produce many of the most beautiful silk textures. It required but little adaptation of machinery and instruction of the operatives for silk-weaving to flourish at Manchester, and the manufactured produce in this city alone rose in consequence from the value of £450,000 in 1825, to £1,700,000 in 1840. The English taste for silk articles of dress and furniture is very strong, and all but one-twelfth of the wrought fabrics, besides large imports from France, are for home consumption. Of the exports the United States receive the largest share, followed by British North America, Australia, Tasmania, the West Indian Islands, Cape Colony, Holland, and Belgium. France, however, competes advantageously with England in this branch of industry, and by superior brilliancy of colour, has till lately commanded a market, where British goods, even at lower prices, were at a discount. The discovery of the aniline or new tar dyes now puts the two countries more nearly on a par in the beautiful art of dyeing.

The condition of the silk industry of the United Kingdom is here tabulated:—

UNWROUGHT SILK IMPORTED.

DATE.	WEIGHT.	VALUE.
	lbs.	
1820	2,641,866	..
1840	4,748,836	..
1850	7,148,759	£5,493,304
1860	9,402,982	10,373,078
1870	10,103,618	9,296,249

SILK MANUFACTURES IMPORTED.

1860	£3,246,119
1870	15,244,919

WROUGHT SILKS.

DATE.	HOME CONSUMPTION.	VALUE OF THE EXPORT.	TOTAL VALUE.
1820	..	£371,755	..
1840	£9,200,000	800,000	£10,000,000
1850	9,700,000	1,250,000	10,950,000
1860	10,373,078	1,587,303	11,960,381
1870	9,296,249	1,450,397	10,746,646

Linen.—This manufacture has always been more flourishing in Scotland than in England. In Ireland, where it is the staple industry, it has reached such perfection that "Irish linens" have long been the synonym of excellence. For nearly two hundred years the fabrication of linen in Ireland has kept this high position, and as an Irish manufacture, it is of still older date. Cotton superseded in England the existing insignificant linen industry, in spite of a predilection, looked upon almost as a test of patriotism, in favour of the native fibre. Nevertheless, in no part of the United Kingdom was the manufacture of much value before the applications to spinning of the inventions of Hargreaves and Arkwright. Napoleon deprived England of the imports of flax and hemp fibres from Europe. As a consequence, the states under his dictation lost the profits upon the custom of the English, who in time produced so much of the fibre for themselves as to stand in little need of foreign supplies. Probably the continuance of such policy would have rendered them quite independent. Although after the peace the finest linens from France and yarn from Germany were imported, yet immediately the duties were reduced upon foreign flax and hemp, the importations ceased, and eventually both fabrics and machine-spun yarn were exported to Holland and France. In 1838 the exports to these linen-producing countries were of the value of £600,000, and were not inferior in quality to the best wrought abroad A cheaper fabric, classed with linens, has the warp linen and the woof cotton, but the workmanship is so admirable that the difference is difficult to detect. Of these and genuine linens the United States take considerably the largest quantity. In British America, the West Indies, and South America, especially Brazil, British and Irish linens are in constant demand as well as in most of the European States. French cambrics, however, partly in the form of handkerchiefs, are still imported into England, their beauty creating a demand for them apart from the consideration of cost. Some linen goods pass through England in course of transit from Germany.

The quantity of flax and hemp imported in 1840 exceeded 2,000,000 cwts. In 1860 this had increased to 2,250,000 cwt., of the value of £5,000,000. Two-thirds of this quantity came from Russia. Since this date, the annual quantity and value have further increased, amounting in 1870 to 3,500,000 cwts., of the value of £8,000,000. No linen yarn was exported before the year 1830. In 1832 the weight was 110,000 lbs., valued at £8,705. In 1840 the weight had increased to 17,733,575 lbs., and the value to over £800,000. In 1860 it was 31,210,612 lbs., value £1,801,272, and in 1870, 37,239,314 lbs., value £2,227,492. The table given below shows the increase in the manufactures of linen since 1830. The continuous growth of the trade affords fair grounds for assuming that the increase will continue.

BRITISH AND IRISH LINEN MANUFACTURES.

DATE.	ANNUAL VALUE.	QUANTITY EXPORTED.
1830	£2,000,000	62,000,000 yards
1840	3,300,000	90,000,000 „
1860	4,800,000	144,000,000 „
1870	7,374,764	226,403,432 „

Sewing thread exported in 1870, 2,378,631 lbs.

Paper.—There is no paper in the world superior to that which is made in England. France excels in fancy writing-papers and paper-hangings, but in general the home produce suffices to supply our wants. Paper is made so simply and from so many substances, that most countries manufacture their own. Thus in this commodity, there was, until the Cobden Treaty, neither an import nor export trade worth speaking of. Nevertheless the quantity produced is prodigious. Some of the daily newspapers have a circulation of more than one hundred thousand, occasionally mounting up to two hundred and fifty thousand, and they severally use between thirty million and fifty million large sheets in the course of a year. Legislation, printing, reading, education, packing, combine in an excessive demand upon the powers of paper production. Excise duties, stamps upon newspapers, repression of speech and thought, and general ignorance, have denied to this industry, till recent years, its natural development. France, Belgium, Holland, Sweden, and other countries, supply England (exclusive of paper-hangings), to an extent varying annually from one hundred thousand to two hundred thousand hundredweight.

Metals and Hardware.—Iron is the precious metal of England, whose mines supply more than any other country in the world. Yet as a national industry it traces back only to the year 1750, when coal began to take the place of wood in smelting. Through many failures and discouragements success was achieved, and one seemingly intractable and useless ore after another was made to yield up the iron it contained, and thus to lessen the dependence upon Sweden and Russia.

Cort's invention, already mentioned, was followed by Neilson's hot blast in 1828. The former invention multiplied the home produce of pig iron sixfold, between 1800 and 1838, and the latter has, up to the present date, quadrupled this supply. Iron is now a most important source of wealth, and a main export of Great Britain, which supplies a twelfth part of the iron produce of the world.

Bessemer's process of making steel from the ore was brought into use in 1856.* It was thus that successive inventions enlarged the means of producing iron, and new applications at once followed. Machinery, the steam engine, railroads, and manufactured articles in general have consumed the iron as fast as it has been produced. The region of which Birmingham is the metropolis rests upon the beds of ironstone and coal, and is appropriately known as the Black Country. For many miles the sky is lurid at night with the reflected fires of thousands of furnaces, and during the day towns, houses, and fields are enveloped in a common atmosphere of smoke. Wolverhampton is famous for locks and keys, Dudley for nails, and Bilston for general hardware. Sheffield, with the surrounding district of Hallamshire, is the capital of the world's cutlery trade, and Birmingham the "Toyshop of England," or the "Hardware Village," is engaged in the whole range of the hardware manufacture, from a steel pen to a steam engine, from a button to an Armstrong gun. For the finest iron Sweden is still depended upon, whence are imported about thirty thousand tons for Sheffield cutlery—nowhere surpassed. Large quantities of iron and steel are exported from Great Britain to every part of the world, and machinery has been supplied to every manufacturing State of Europe.

Copper, lead, and tin are valuable English metals. Since the sheathing of ships has been practised, the demand for copper has grown very great. The first ship copper-sheathed was the *Alarm*, a vessel of the Royal navy, in 1761, "to preserve her from worms in a southern climate." On account of the success of the plan, an order was issued in 1780 to copper-bottom all his Majesty's ships. Electrotyping, brought into use about 1850, has also caused much copper to be applied in the economic arts. There are fifty copper mines in

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* In 1867, an armour plate, 20 feet by 4 feet, and 21 inches thick, was heated at the Atlas Works, Sheffield, and in a quarter of an hour was rolled into a dense uniform slab of iron.

Cornwall, in which county the British tin mines are also situated. Numerous attempts have been made to utilise the copper mines of Ireland, but hitherto with little profit. The supplies of copper have been largely added to by imports from the rich mines of the Burra Burra in South Australia, discovered in 1845, supplemented more recently by those worked in the Wallaroo district, and also from Chili and the Cape of Good Hope.

A few statistics will complete a review of this department of British industry.

IRON PRODUCED IN GREAT BRITAIN.

DATE.	NUMBER OF FURNACES.	QUANTITY.
1740	59	17,350 tons
1802	168	227,000 „
1825	374	581,367 „
1848	623	1,998,558 „
1857	..	3,659,447 „
1870	664	5,963,525 „

The value of the quantity produced in 1857 was computed at £9,148,617, and that of 1870 at £14,908,787.

IRON EXPORTED, WROUGHT AND UNWROUGHT.

DATE.	WEIGHT.	VALUE.
1820	85,066 tons	£1,131,788
1840	268,328 „	2,524,859
1860	1,442,045 „	12,154,997
1870	3,470,286 „	21,871,353

These values are exclusive of agricultural implements, steam engines, and finished machines, now valued at upwards of £5,500,000 more.

PIG-IRON MANUFACTURE.

	1869.	1870.
In England . .	3,456,255 tons.	3,735,627 tons.
„ Wales. . .	839,502 „	1,021,888 „
„ Scotland . .	1,150,000 „	1,206,000 „
	5,445,757 tons.	5,963,515 tons.

Valued at £13,614,397.

FURNACES IN BLAST IN 1869.

England	350
Wales	118
Scotland	132
	600

STATISTICS OF COPPER PRODUCE.

DATE.	NATIVE PRODUCE OF COPPER ORE.	ORE AND METAL IMPORTED.	TOTAL.
	Cwts.	Cwts.	Cwts.
1820	162,540	. .	162,540
1840	330,000	846,130	934,000
1860	320,000	2,181,400	2,501,400
1870	106,698	2,722,700	2,829,398

THE GROSS VALUE OF COPPER IN 1870 WAS—

Native Produce	£551,309
Imported	4,095,722
Total	£4,647,031

THE EXPORTS OF COPPER AND BRASS.

Date.	Quantity.	Value.
1860	558,998 cwts.	£2,999,408
1870	825,424 „	3,066,928

STATISTICS OF TIN PRODUCE.

Date.	Home Produce.	Value.
1855	6,000 tons	£720,000
1865	10,000 „	970,000
1870	10,000 „	1,299,505

Considerable quantities of tin are imported from Banca and Malacca; the imports in 1870 were 94,307 cwts. in ingots, and 360 tons of tin ore and regulus.

EXPORTS OF TIN, 1866.

	Cwts.	Value.
Tin, unwrought	85,602	£382,981
„ Plates	1,419,573	1,896,192
„ re-exported (from Banca, &c.)	21,660	87,169
	1,526,835	£2,366,342

EXPORTS OF TIN, 1870.

	Cwts.	Value.
Tin, unwrought, British	101,696	£633,330
„ in slabs, &c., foreign	21,946	139,906
„ foil	505	3,786
„ plates	1,997,019	2,367,872
Tinned ware	14,239	50,502
	2,135,405	3,195,396

V.—COMMERCIAL INTERCOURSE WITH FOREIGN STATES.

Germany.—British trade with Germany was unimportant during the whole of the last century, although the manufactured goods sent thither increased in annual value from £1,000,000 to £8,000,000. The renewal of trade at the close of the Napoleonic war soon raised the amount to the gross sum of £9,000,000. During the whole of this interval Britain took from Germany wool, corn, timber, flax, hemp, and linen; it is therefore evident that the country was more agricultural than manufacturing. Even earlier, when the Hanse flourished, the prosperity of Germany arose out of its transit trade, rather than from an interchange of its natural resources. A selfish feudalism lingered amongst the numerous states, making them individually exclusive, and hindering the advance of the German race. Every small state imposed its own tolls upon commodities passing its frontiers, until the interference with trade became intolerable. In 1834, after many tentative arrangements, the Zollverein or Customs Union was established.

In some respects this arrangement was disadvantageous to England, for Germany, with the aid of English machinery, advanced in manufacturing skill, and consequently took less of our industrial products. Cotton fabrics exported to Germany sunk in value from £4,500,000 in 1820, to £1,500,000 in 1838. Yarn, on the contrary, in the spinning of which Germany has not yet been able to compete with England, was sent in constantly increasing quantities, the value rising to £2,500,000.

There are comparatively few free traders in Germany, and manufacturers are protected by high duties, which have, however, a tendency to decrease. Duties are levied even upon yarn, and its large importation under this disadvantage proves how urgently it is wanted. These imposts, as well as the introduction of improved spinning machinery, have seriously diminished many branches of British trade with Germany, — notwithstanding which, under the free trade system, commercial intercourse between the two countries has on the whole increased.

VALUE OF TRADE BETWEEN UNITED KINGDOM AND GERMANY.

	1854.	1866.
Prussia Exports to	£2,515,719	£3,570,913
Imports from	9,055,503	7,703,871
Hanover Exports to	£371,273	£285,434
Imports from	399,117	311,557
Hanse Towns Exports	£10,133,989	£21,116,249
Imports	6,221,524	10,576,831
Total Exports	£13,020,981	£24,982,596
„ Imports	15,676,144	18,592,259
	£28,697,125	£43,574,855

Holland.—The trade between England and Holland has always been considerable, and of late years, with an almost unfettered intercourse, it has rapidly expanded. This was also partly owing to the severance of Holland and Belgium in 1830, when Dutch custom was diverted from the Belgians to the English. The Dutch East India trade is too extensive and varied for Holland to supply its demands unaided, and the industry of England is drawn upon for machinery, textile fabrics, and yarns, to supplement the home produce. Cotton yarn of an annual value exceeding three and a half millions sterling, is thus sent from England to Holland.

We subjoin statistics of the recent development of commerce between the two countries :—

VALUE OF TRADE BETWEEN THE UNITED KINGDOM AND HOLLAND.

	1855.	1865.	1870.
Imports into United Kingdom	£6,460,932	£12,413,404	£14,315,717
Exports from United Kingdom	7,169,977	14,960,949	11,220,784
Total Trade	£13,630,909	27,374,353	25,536,501

France. — The great commercial reform initiated by Napoleon III. has developed an extraordinary traffic, so that all former trade between the two countries sinks into comparative insignificance. The rate of progress will be seen by the following statistics :—

VALUE OF TRADE BETWEEN THE UNITED KINGDOM AND FRANCE.

	1855.	1865.	1868.
Imports into United Kingdom	£9,146,418	£31,625,231	£33,896,327
Exports from United Kingdom	10,421,881	25,355,072	23,514,183
Total Trade	£19,568,299	£56,980,303	£57,410,510

Since 1869, the condition of France has been too unsettled for any precise commercial data to indicate the further course of trade, but there appear tendencies to resume the old restrictive principles in relation to foreign interchange, and to abrogate the commercial treaties concluded under the empire, on the plea of regaining freedom of action.

Spain.—The trade between Great Britain and Spain has never been of much importance. The temporary intercourse during the progress of the Peninsular War promised to expand into a large trade, a hope which the disturbed state of the country, and the retention of excessive customs, have entirely blighted. Year by year the demand for British textiles has diminished, although the total trade has not been able to resist the expansion due to the unfettered growth on the British side. In 1855, the gross value of the trade with Spain was over £6,000,000 sterling; in 1868 it had grown to £9,250,000, of which six and a half millions were due to imports from Spain, and two and three quarter millions to exports. It was reduced again in 1870 to £8,600,000. An enormous smuggling trade of a value difficult to estimate rectifies the errors of government, and supplies the Spaniards with many English manufactures. British trade with Cuba and Porto Rico very nearly equals in value that with Spain. With the Philippine Islands commercial dealings are also considerable. Coal, dried fish, and cotton goods, form the bulk of our exports to these settlements.

It yet remains to be proved how far the new constitution of Spain will advance the political and commercial interests of the people. Wine forms one of the principal imports from Spain. Of sherry, in 1870, there was imported seven and a half millions of gallons, valued at £2,000,000. In recent years this important trade has diminished.

Portugal.—As with Spain, the trade with Portugal almost died away at the close of the Peninsular War, but commercial intercourse never sank so low as that with Spain. The English taste for port wine was too important to the Portuguese revenue to be discouraged. As long ago as 1839, Portugal took English goods to four times the value of those sent to Spain, and furnished five and a half million gallons of wine, against only half a million supplied by France. The aggregate value of trade imports and exports which was about £3,500,000 in 1855, had increased to £5,000,000 in 1865. It sank again to £4,000,000 in 1868, and recovered to £5,000,000 in 1870.

Italy.—Political changes in Italy have of late years interfered with the due development of trade, yet that with England is important, and as the country becomes settled, it assumes greater magnitude. Notwithstanding its recently acquired political unity, Italy is still divided for commercial purposes into the former Sardinian States, Tuscany, the Two Sicilies, Venetia, and the Adriatic ports. Leghorn is now the chief entrepot. In 1838, the exports from England were worth about £3,000,000 sterling. In 1862 they had increased to £6,000,000, and in 1866 to £7,000,000. From 1862 to 1866 the imports from Italy had increased in like manner from £3,000,000 to £4,000,000, and the tendency to increase has since been maintained. The exports consist principally of textures of cotton, wool, and linen, with iron and machinery, while minor exports of copper and brass wares, tin and tinned plates, are in the gross of considerable value.

Turkey, including the Danubian Principalities, *Wallachia*, *Moldavia*, *Syria*, and *Palestine.*—A brisk commerce has been carried on between the United Kingdom and Turkey during recent years. Previous to the Russian War, the British trade with this country was of greater value than that with Russia, the proportions being six and a quarter millions with Turkey to four and a quarter millions with Russia. The development of the Turkey trade may be dated from 1833, between which date and 1838, its value doubled, cotton goods and yarn alone, in 1837, being worth £1,000,000 sterling. Turkey owes its high commercial position to the moderation of its tariff, and to its situation as the highway to Persia, whither three-eighths of the English goods sent to Turkey find their way. Turkey takes from England steel and metal work, as well as textile fabrics, and gives in exchange raw silk, nut-galls, valonia, hair, opium, and many minor raw materials.

Russia.—In the case of this enormous empire we shall endeavour to draw some inferences from a statistical table.

VALUE OF TOTAL TRADE BETWEEN THE UNITED KINGDOM AND RUSSIA.

	1856.	1866.	1870.
Imports from Northern Ports	£9,999,579	£13,352,516	£13,365,943
Imports from Southern Ports	1,562,345	6,272,164	7,195,184
	£11,561,924	£19,624,680	£20,561,127
Exports to Northern Ports	£3,158,936	£6,323,397	£5,749,353
Exports to Southern Ports	211,918	578,542	1,242,408
	£3,370,854	£6,901,939	£6,991,761

These figures do not by any means exhaust the vast resources of the Russian empire. England imports from Russia three times the value of the commodities taken in return. The imports consist solely of raw materials, as, for example, flax, hemp, timber, forest products, corn, tallow, hides, and bristles, substances of which we stand in constant need. Russia obtains from England cotton fabrics and hardwares, but gives them an unwilling entry, in the belief that they injure native manufactures. The protective system in Russia cramps the British commerce, which if unfettered, would soon surpass that with most other nations.

United States.—The details of British trade with the United States will form a part of the commercial history of that country. England receives from America raw produce, of which the chief is cotton. In 1866 the quantity of this material exported to England was worth £35,000,000, out of a total export to the value of £47,000,000, and weighed 520,000,000 lbs. In 1860 the weight was 1,116,000,000 lbs., the largest quantity ever received by us. The rest of the commodities consist of cereals, cheese and other provisions, tobacco, cochineal, coffee, hemp, hides, hops, lard, oils, petroleum, rosin, seeds, skins, furs, and timber. England sends to America manufactured goods, such as apparel, linen, woollen, cotton, and silk fabrics, machinery, jewellery, hardwares, and miscellaneous products, the total value being, for 1862, £19,173,907; for 1866, £31,843,836; and for 1870, £28,335,394.

Brazil.—British commercial relations with Brazil did not commence until after its separation from Portugal. In return for assistance rendered to Brazil, England was allowed to anticipate other states in trade, but was obliged at length to share this monopoly with the whole world, though it still took the lead in the Brazilian trade, and even now possesses a full half of the whole trade of the empire. The exports from England are chiefly cotton goods and linen, with hardware, tin, machinery, coals, dried fish, and soap, the annual value of which rose from two and a half millions sterling in 1861 to seven and a quarter millions in 1866, a value which has since somewhat decreased. The chief article received in exchange is coffee. Of other products diamonds, gold and silver, cotton, ipecacuanha, rum, rosewood, sugar, tobacco, tapioca, honey, and hides are the principal. The value of these commodities was, in 1854, over £2,000,000; in 1861, nearly £2,700,000; and in 1870, a little over £6,000,000.

British America.—British North America at one time had a considerable trade with the West Indies and the United

States. This trade has fallen into the hands of the mother country, with which the provinces, confederated since 1867 into the dominion of Canada (including Nova Scotia, New Brunswick, Newfoundland, and British Columbia, besides Canada Proper), now almost confine their maritime intercourse. Timber, potash, and forest products generally, come in large quantities from Canada, New Brunswick, and Nova Scotia. Newfoundland contributes fish, oils, sealskins, and furs, the latter of which are also obtained from Labrador, and the territories of the Hudson Bay Company. A considerable quantity of gold from British Columbia and Vancouver's Island has been obtained in some years reaching in value a million sterling. Canada, which gives its name to the new confederation, receives from the mother country in return cottons and woollens, and in a less degree linens, silks, iron, hardware, machinery, coal, salt, wine, spirits, tea, and colonial produce. Provisions and breadstuffs are also largely imported. The present value of British trade with the North American colonies is between fourteen and sixteen millions sterling, about equally divided between exports and imports.

CHAPTER IX.

INDIA AND AUSTRALIA.

IN the early years of British sway over India its importance was altogether owing to its native resources, and not because it took the products of English agriculture, manufactures, and arts. Neither linen nor woollen goods found a sale, for cotton was the universal dress in India. The gigantic cotton trade was then of humbler dimensions, and the British were for a long while dependent upon India for many cotton fabrics, which were famed for their fine quality. Indian muslins were valued at a higher rate than any others. In 1814 the cotton pieces brought to England numbered 1,266,600; and in the face of machinery and cheapened production as many as 414,450 pieces were brought as late as 1837. At length, even India, with the rate of wages only one-twelfth of that in England, could no longer compete with British facilities for manufacture. Cotton fabrics disappeared from the list of Indian exports, and soon began to be included on the other side of the account. In 1858 India took from England cotton piece goods to the value of £4,776,764 sterling, and in 1865 the imports had increased to £11,035,885. The average is now about £10,000,000. Cotton twist and yarn are also taken by India in quantity ranging from twenty-three to twenty-five millions of pounds avoirdupois, and valued at from one and three-quarters to two millions sterling, according to price.

The extent of land in India suitable for the growth of cotton is practically unlimited, and the cultivation has of late years been largely increased. The American civil war greatly contributed to this result, for by stopping the American supply of cotton it compelled us to turn to India as the largest and most important field. In 1860, before the outbreak of the war, India supplied 204,000,000 lbs. of raw cotton; in 1866, at the close of the war, 615,000,000 lbs., but part of this had been diverted from other markets, for a large proportion of the Indian cotton was formerly sent to China, a trade which ceased altogether during the American civil war, and has not yet recovered, the cotton cultivation in China having in its turn been extended to meet the wants of that empire. In 1870, although India was subjected to the renewed competition of the American cotton States, more than 340,000,000 pounds of the staple were exported to England.

Indigo, next to cotton, is one of the most valuable products of India. About four-fifths of the indigo used in England are obtained from this source. More than a million pounds' weight was annually consigned to England at the opening of the nineteenth century. The supply, with many fluctuations, but with a tendency to increase, reached in 1830 the weight of eight millions of pounds, since which date a diminished use of blue cloth, together with the discovery of other blue dyes, has lessened the dependence upon indigo, although the present imports are still very large, approaching 80,000 cwts. from all sources.

A few years before the close of the last century an increasing consumption of opium in China was noticeable, and its cultivation was extended to meet the demand. In 1816 it was the most valuable commodity in the commerce of British India, and held that position until 1861, when the great rise in the cotton trade caused it to take the second place. The value of the exports of opium was in that year over ten millions sterling, and since then has varied from ten to twelve millions a year. It is an exceptional government monopoly, from which one-sixth of the public revenue of British India is derived, or about £8,200,000 a year.

Jute is another article of Indian produce which has of late years taken a place of great importance in the list of exports, being largely used in the manufactures of Dundee and elsewhere, as a substitute for hemp, or to mix with finer materials, as well as for coarse descriptions of sacking (gunny bags) in India itself. Jute is the fibre of a plant, *Corchoru capsularis*, and of another species *C. olitorius*, indigenous to India and Southern Asia, growing to the height of ten or twelve feet. The value of the jute exported to Great Britain in 1870 was £2,303,628.

The chief of the remaining articles of export from India, are rice, grain and oil seeds, coir and other fibres, saltpetre, horns, hides and skins, ivory, shellac and lac dye, silk, spices, sugar, tea, coffee, timber, and wool. Goods were imported into the United Kingdom from India in 1836 to the value of £9,000,000. In 1864, under the stimulus of the civil war in America, they exceeded fifty-two millions sterling, while the exports from England to India approached twenty-one millions. The difference of values was partly balanced by specie, of which India received, in 1857, from all sources, £14,413,697, and this by an annual augment reached to £22,962,581 in 1864, and £26,557,301 in 1866.

Cotton goods stand at the head of our exports to India. Muslins were introduced about 1824, and now find particular favour in the market. By the year 1837 the quantity imported had increased from less than a million yards to sixty-four millions annually. About one-sixth of all the cotton yarn made in England is absorbed by India, and the demand for woollen goods has of late years been increasing. Machinery and metals to a considerable amount are also consigned to the markets of Calcutta, Madras, and Bombay.

The trade of India was exclusively carried on by the East India Company till the year 1833, which date divides two distinct epochs in the commercial history of the country. A monopoly was long granted to this company, and at the same time Indian produce was burdened with such excessive custom dues that many commodities could not be brought home, but were disposed of by the East Indian merchants in China and other regions of Asia. Sugar and coffee found markets on the Continent, and even in North America, instead of in England, where their enjoyment was denied. For some years after the lapse of the exclusive privileges of the East India Company, that corporation maintained the lead in the Indian, and a monopoly of the Chinese trade. When, in 1842, all restrictions were removed, the Indian trade received an immediate development, and has gone on increasing ever since.

India is a British conquest, and not a colony in the ordinary sense of the term, as few English go there with the view of settling. Under the monopoly of the East India Company settlers were wholly discouraged, but since the lapse of its charter a good deal of British capital has sought investment in India. The result is seen in the wonderful growth of commerce. The cultivation of American cotton has been tried with success, and has to some extent taken the place of Surat or native cotton of inferior staple, requiring special machinery to work it. Other fibres, such as flax and hemp, have received attention. Sugar cultivation has been promoted by the introduction of canes from Tahiti, and the planting of tobacco has been much extended. Tea planting is now carried on in Assam, Cachar, and Sylhat, and other places bordering on the Himalayas, with considerable success. Coffee cultivation has been much extended, and the cinchona or Peruvian bark introduced.

Trade with India was unrestricted even before the principle of free trade had been accepted by the British legislature, and to this freedom is due the great development of recent years. Two costly wars have been waged within this period, that with China, on the opium question, ending with the peace of Nankin, by which China agreed to pay twenty-one million dollars, and that with the Sikhs, terminating in the annexation of the provinces of the Punjaub, at a cost of nine millions sterling. Since these events the Indian Mutiny has taken place, threatening at one time the loss both of our prestige and possessions, but in the end was subdued. This mutiny had the effect of accelerating the transfer of the government from the East India Company to the Crown, and India is now governed as an integral part of the British empire. Public works are carried on to a far greater extent than before, and the country is being covered with a network of roads, railways, and canals. Coal has been discovered, and is worked to a considerable extent; though of inferior quality, it is largely used for steam navigation and railway purposes. Much has been already done in improving irrigation. Facilities for reaching the markets, as well as better methods of cultivation, have told favourably upon agriculture. Grain has begun to be exported. Wool, coffee, tea, and oil-seeds, are the most important new items in the commercial list. The total value of the Indian trade with the United Kingdom in 1867 was, including the treasure imported, £22,763,591; exported £23,534,864—total trade, £46,298,455. There has since been no very marked variation from these amounts.

The most important settlement of the English in Further India is Singapore, on an island of the same name, described as "The Paradise of India, the home of plenty, and the abode of health." Singapore has been in British possession from 1819. It is the seat of government of the Straits Settlements, a new colony, which includes Penang and Province-Wellesley, and makes great progress, being the rendezvous of vessels in the Chinese trade, besides contending with Batavia for the commerce of the Eastern islands, as far as the Spanish Philippines.

Dr. Karl Scherzer, in his "Narrative of the Circumnavigation of the Globe, by the Austrian frigate *Novara*, in the years 1857, 1858, and 1859," vol. ii., says:—

"Singapore, from its singularly favourable geographical position and the liberality of its political institutions, has made such a stride as is entirely without parallel in the history of the world's trade. From a desolate haunt of piratical foes the island has been converted into a flourishing emporium.

"About a thousand foreign vessels, and fully three thousand Malay prahas and Chinese junks flit backwards and forwards annually with all sorts of merchandise and produce, while the value of the other goods annually exchanged here amounts to about £11,000,000. Such is the change that has come over the old unhealthy, ill-omened Malay pirate abode—thanks to a clearly-defined policy. If a doubt should still obtrude itself as to these brilliant results of the utmost freedom and absence of restriction upon trade, it must give way before the spectacle presented to the view of the astonished beholder in the harbour of the Alexandria of the nineteenth century."

And the Liverpool Reformers ask:—"What is the secret of this wonderful metamorphosis?" Simply the fact, that at Singapore, as Mr. Tennant says, there are no import or export duties—no taxes upon shipping.

Rangoon, the capital of British Burmah, is also a very considerable place exporting raw cotton, drugs, grain, hides and skins, oils, seeds, and timber, to the value (in 1863) of £1,400,000, and more than double that amount in 1865, and importing textile manufactures, machinery, metals, and jewellery of an annual value approximating to a million sterling.

An exclusive trade with China was formerly included in the privileges of the East India Company, and was regarded as part of the Indian trade. Since commercial intercourse has been free, however, the China trade, as well as that of Japan, has developed so rapidly as to demand a separate notice.

Australia.—This vigorous scion of the British empire began its commercial history in the present century. Under the general designation of Australia, are included the colonies of New South Wales, Victoria, South Australia, Western Australia, Queensland, Tasmania, and New Zealand.

Before the gold discoveries, wool was the staple export, the fine pastures, especially of the south-eastern region, being wonderfully adapted for the rearing of sheep. These animals have multiplied so fast, and the wool is of such excellent quality, that it alone would make Australia important. This source of supply is already the mainstay of the British woollen manufactures. The table below shows the progress of the imports of Australian wool into England:—

In the year	1807	250 lbs.
„	1820	100,000 „
„	1835	4,000,000 „
„	1840	12,000,000 „
„	1860	59,166,616 „
„	1870	175,081,427 „

Cotton culture was introduced into Queensland under the stimulus of the late scarcity of the American fibre, and now Australian cotton rivals the "Sea Island" growths. Rich mines of copper early rewarded the enterprise of the colonists of South Australia, but it is only since 1851, when the gold-fields of New South Wales and Victoria first offered their attractions, that the population has increased to an extent which makes Australia worthy of the name of a southern empire.

The advance of these colonies in the aggregate is proved by the commercial returns over a series of years:—

DATE.	IMPORTS.	EXPORTS.	TOTAL.
1852	£8,086,225	£5.346,090 Specie 10,177,270	
		£15,523,360	£23,609,585
1859	£26,567,690	£9.944,261 Specie 12,185,942	
		£22,130,203	£48,697,893
1865	£32,452,557	£18,172,422 Specie 12,226,136	
		£30,398,558	£62,851,115

The commerce of Australia is almost confined to the mother country, and to the intercolonial trade. Foreign trade, as compared with the British, can scarcely be said to exist. The tastes of the colonists are inherited from home, and there is scarcely a constituent of the industrial produce of the United Kingdom but forms an item in the Australian imports. Gold and wool continue to be the chief exports.

Melbourne stands at the head of the Australian capitals, and is the depot for the important colony of Victoria. Besides the staples of wool and gold, it exports hides, skins, cattle, horses, sheep, flour, and tallow. It possesses some manufactories of different kinds, founded upon its agricultural industry; and an external trade, considerable in amount, the imports and exports in 1870 reaching £25,000,000, and comprehensive in area, being conducted with the United States, the commercial States of Europe, Peru, China, Suez, and the Pacific Islands.

Sydney, the principal port of the colony of New South Wales, increases annually in industrial importance. The manufactories and other works of this colony, which numbered 1,768 in 1863, had risen to 2,133 in 1866. Both its trade and industries partake of the character common to Australia generally. Of a special nature are the great establishments for boiling down tallow, the salting and meat-preserving works, and copper smelting. Recent advancement is shown in the engineering works, gas works, type foundries, docks, and steam vessels of Sydney.

The following figures give the position of the colony before and after the separation of Port Philip, now Victoria, in 1851, and that of Queensland in 1859:—

	1850.	1865.
Quantity of Coal raised .	7,126 tons	585,525 tons
Wool exported	32,361,829 lbs.	18,764,482 lbs.
Gold		682,521 ounces
Value of Imports by Sea	£2,078,338	£10,635,507
,, Exports	2,399,580	9,563,812

Adelaide, the port of South Australia, shares the growing prosperity of the British possessions in those parts. Its trade ten years since reached £3,000,000, and it is now nearly double that value. It exports bread-stuffs, wool, copper, and lead.

Albany is the chief commercial town of Western Australia, the least developed of the colonies of the southern hemisphere, yet only inconsiderable when compared with the great neighbouring colonies of New South Wales, Victoria, and Queensland.

Brisbane.—The colony of Queensland, of which Brisbane is the capital, presents, even for Australia, a remarkable example of rapid development.

Trade statistics will best illustrate this fact.

TOTAL TRADE OF QUEENSLAND, MOSTLY MONOPOLIZED BY BRISBANE.

	VALUE OF IMPORTS.	EXPORTS.	TOTAL.
1860	£742,023	£523,476	£1,265,499
1865	2,505,559	1,153,464	3,659,023
1868	1,899,119	2,107,437	4,006,556
	Great Britain exclusively		
1860	56,730	...	56,730
1865	713,545	240,550	954,095
1868	431,658	505,277	936,935

Hobart Town.—Tasmania exports, through Hobart Town and Launceston, butter and cheese, flour, fruits and preserves, grain, horses, sperm oil, potatoes, timber, and wool. The wool is almost wholly sent to Great Britain, the rest of the produce to the neighbouring colonies. The imports into the colony are of a like kind to those of Australia, already enumerated. The gold discoveries have caused the older colony of Tasmania to be comparatively deserted, and population and trade have gradually diminished during the last ten years. The tonnage employed in the British commerce was 271,459 in 1852, and 204,494 in 1865. The highest value reached by the imports was in 1854, when they amounted to £2,604,680, from which point they had sunk, in 1867, to £856,348. Of exports, the highest value was attained in 1852, amounting to £1,509,883. In 1867, it was only £790,494. Hobart Town used to be an important station of the southern sperm-whale fishery.

New Zealand.—These islands import, through their chief ports of Auckland, Dunedin, Nelson, Wellington, and Lyttelton, British manufactures and other produce, as well as animals for stock, and Australian commodities. The exports comprise the staples of wool and gold, and the secondary products of kauri gum, copper ore, timber, and potatoes. A very limited intercourse is carried on between some of these ports and the United States and Chili. The progress of the New Zealand Colonies, though much disturbed by conflicts with the aborigines, has been rapid, every year exhibiting a marked increase.

PROGRESS OF COMMERCE IN NEW ZEALAND.

DATE.	VALUE OF IMPORTS.	EXPORTS.	TOTAL.
1865	£5,594,977	£3,713,218	£9,308,195
1868	4,985,748	4,429,198	9,414,946

The following abstract shows the aggregate growth of British commerce since 1799:—

DATE.	IMPORTS.	EXPORTS.	TOTAL.
1799	Merchandise, £24,066,700	£35,903,850	£59,970,550
1840	,, 60,346,000	102,705,000	163,051,000
1854	,, 152,389,053	115,821,092	268,210,145
1866	,, 295,290,274	238,905,682	534,195,956
	Bullion, 34,287,139	21,638,611	55,925,750
	£329,577,413	£260,544,293	£590,121,706
1870	Merchandise, 303,257,493	244,080,577	£547,338,070
	Bullion, 29,455,668	18,919,690	48,375,358
	£332,713,161	£263,000,267	£595,713,428

We behold in these figures the triumph of free trade. Such grand totals are phenomena unparalleled in commercial history.

TAXES REPEALED OR REDUCED, AND IMPOSED FROM 1840 TO 1869.

	Repealed or Reduced.	Imposed.	Reduction.	Increase.
	£	£	£	£
Customs	23,864,803	4,516,558	19,348,245	....
Excise	7,334,000	8,687,804	....	1,353,804
Income Tax	20,315,000	22,764,000	....	2,449,000
Stamps	3,502,381	2,616,687	885,694	....
Other Taxes	3,594,742	911,447	2,683,295	....
Postage	1,240,000	118,567	1,121,433	....
	59,850,926	39,615,063	24,038,667	3,802,804

Net Reduction..£20,235,863

PROGRESS OF FOREIGN TRADE.

At the commencement of the period embraced in the foregoing table, viz., the year ending January 5, 1841, the gross produce of Customs and Excise Duties was £38,127,406. The Customs Tariff then comprised some 1,200 articles of import subject to duty: it now consists of about a score. The Excise Tariff included many articles now happily liberated, such as bricks, glass, candles, soap, paper, &c., &c., &c. In the interim, Custom Duties have been repealed or reduced to the amount of £19,348,245; Excise Duties increased to that of £1,353,804, leaving a net reduction of £17,994,441. The produce of both in the year ended the 31st of March last was £43,292,000, an increase of £5,164,594, compared with their yield in 1840, showing an actual recovery of £24,512,839 from the partial liberation of Trade, and affording the greatest possible encouragement to further progress in the same direction, of which proofs may be gathered from the following tables:—

	Before and after Sir Robert Peel's Tariff Reforms.		
	Imports.	Exports.	Total.
	£	£	£
1840	62,004,000	110,128,716	172,132,716
1850	152,389,053	115,821,092	268,210,145
Increase	90,385,053	5,692,376	96,077,429

	Before and after French Commercial Treaty.		
	Imports.	Exports.	Total.
	£	£	£
1860	210,530,873	164,521,351	375,052,224
1869	295,428,967	237,106,325	532,535,292
Increase	84,898,094	72,584,974	157,483,068

The increase of Imports was therefore 145 per cent.; that of Exports 5 per cent., and that of Imports and Exports 55 per cent. in the first 10 years; of Imports 239 per cent.; of Exports 49 per cent.; and of Imports and Exports 117 per cent. in 20 years; and of imports 376 per cent.; of Exports 115 per cent.; and of Imports and Exports 209 per cent. in 29 years.

FOOD IMPORTED IN 1840 AND IN 1869.

		Quantity. 1840.	Value. £
Animals living, viz.:—			
Oxen, Bulls, Cows and Calves	..	prohibited	......
Sheep and Lambs	..	prohibited	......
Bacon and Hams	cwts.	6,180	14,657
Beef	..	prohibited	......
Butter	,,	252,661	934,846
Cheese	,,	226,462	424,616
Cocoa and Chocolate	lbs.	3,499,746	73,168
Coffee	,,	70,250,766	2,129,114
Corn:—Wheat	cwts.	8,637,993	5,880,480
Other kinds	,,	6,416,258	2,171,691
Flour and Meal	,,	1,546,523	1,391,653
Currants	,,	221,119	589,651
Eggs	No.	96,149,160	220,342
Fish	lbs.	prohibited	......
Lard	cwts.	92	258
Oranges and Lemons	..	not specified	150,137
Pork:—Fresh	cwts.	prohibited	......
Salted	,,	29,532	58,818
Potatoes	,,	2,293	516
Raisins	,,	224,781	298,772
Rice	,,	443,918	277,449
Sugar:—Raw	,,	4,035,844	9,053,770
Refined and Candy	,,	17,388	25,809
Molasses and Juice	,,	458,631	600,949
Tea	lbs.	28,021,882	3,502,735
Total value			£27,799,431

		Quantity.	Value.
		1869.	£
Animals living, viz.:—			
Oxen, Bulls, Cows, and Calves	No.	220,190	3,833,850
Sheep and Lambs	„	709,843	1,219,014
Bacon and Hams	cwts.	740,194	2,432,260
Beef	„	229,223	420,338
Butter	„	1,259,089	6,923,210
Cheese	„	979,189	3,083,850
Cocoa and Chocolate	lbs.	12,045,991	320,916
Coffee	„	173,416,332	4,927,805
Corn:—Wheat	cwts.	37,695,828	19,515,758
Other kinds	„	33,364,643	14,032,021
Flour and Meal	„	5,401,555	3,799,579
Currants	„	944,489	1,166,905
Eggs	No.	442,175,040	1,126,853
Fish	cwts.	629,341	631,109
Lard	„	255,964	930,156
Oranges and Lemons	bush.	1,939,363	927,804
Pork:—Fresh	cwts.	187,874	575,825
Salted	„		
Potatoes	„	1,660,189	392,677
Raisins	„	397,846	769,850
Rice	„	5,327,276	2,937,631
Sugar:—Raw	„	11,033,653	13,540,017
Refined and Candy	„	1,068,940	1,774,858
Molasses and Juice	„	951,730	602,610
Tea	„	139,223,298	10,311,465
			£96,196,361
Value in 1840			27,799,431
Increase in 1869			£68,396,930

Sir Stafford Northcote's return, No. 469, of Session 1863, from which the figures for 1840 are taken, includes Pigs amongst the things prohibited in that year; and they are not mentioned either in the Finance Accounts or the Statistical Abstract for 1868. All the articles above enumerated were duty free in 1869, excepting Cocoa, Coffee, Corn, Currants, Raisins, Sugar, and Tea; and Corn, with its tail of 36 other farinaceous substances, were happily enfranchised by Mr. Lowe, in the Session of 1869.

CHAPTER X.

PROTECTION AND FREE TRADE.

At the close, in 1815, of the disturbed and abnormal war period, which had lasted for a quarter of a century, England possessed extensive trade relations with Asia, America, and Africa, and had become acquainted both with the unrivalled extent of her own mineral resources and with new methods of utilising them. When, therefore, Europe was once more opened to commerce, although the Dutch and the French had most of their foreign possessions restored, Great Britain resumed her long-closed continental commerce, without relinquishing the new markets she had acquired. Victor in commerce as well as in war, her enviable position generated in every continental state, a patriotic emulation, to outvie her in industrial excellence, and outstrip her in foreign trade. This object has stimulated the inventive faculties and skill of foreign producers, and their progress in many directions has been so decided as to disquiet the English mind with fears of relative retrogression. Weighted with a heavy national debt, England competed at a disadvantage, modified, however, by freedom of trade, the gradual lightening of taxation, and, undesignedly, by the opposite policy of restricted competition pursued abroad.

A complete reversal of industrial and commercial conditions ensued upon the overthrow of the author of the artificial " Continental System." British and foreign ports were reciprocally thrown open to interchange. German corn poured into England, until the farmers thought themselves ruined, while the forced manufactures of Europe stood no chance against the cheap and excellent products of English machinery.

With our present insight into economic laws, we should decide that it would have been wiser to let industry remedy itself, feeling sure that such branches as were of profit to the Continent would maintain their place, and that the energies wasted on others would be turned to better account; but the pernicious effect of Napoleon's policy was felt even after his restrictions were removed. The evil he did lived after him, and entailed a waste of productive energy, retarding, until our own times, the progress of civilisation.

France raised the cry of protection for native manufactures, and was the first to levy high duties upon imports, in order to encourage production at home. The term "native manufactures," in this connection, is really a misnomer, for it ought only to be applied to those for which a country is best fitted by its natural resources. Such manufactures need no protection. It is exotic or imported manufactures, those for which nature has less adapted one state than another, that cannot move without crutches. The cessation of the war had put an end to the activity which prevailed in branches of labour connected with the food, clothing, and arms of the troops, and these industries had spread so widely that the internal trade of each country now appeared to retrograde. Every European state had "encouraged" its own industries so long, that the belief in the principle of protection was universal. Competition, though provocative of improvements, and means of reducing the cost of production, was regarded as an evil, for it caused prices to decline. Those domestic industries which had been inflated by war, collapsed at the peace, and inflicted great injury upon many of the labouring classes. In England, the high prices which enriched the farmers, while supplies were limited to home produce, fell rapidly when corn could again be obtained from abroad; but the cheapness of corn went far to make up for the distress which fell upon the thousands who had been dependent upon the war. The Government, however, saw only the interest of one class. They practically prohibited the importation of foreign corn, and taxed the consumer, which was the nation at large, for the advantage of producers—a single section of the people. The passing of the Corn Laws created riots and disturbances, and their impolicy was such that though they survived thirty years of discontent and agitation, they drove the nation almost to the verge of rebellion; and their repeal, in 1846, marks an important epoch in the nineteenth century.*

Every country of Europe, in turn, adopted the policy of exclusion, and protected commerce by imposing heavy customs dues upon all imported manufactures. Every one aimed at personal advantage, and believed it to be the sole object of his neighbour. You may buy of us, but we will not buy of you, was the tacit rule. Except raw materials for manufacture, a protest, in the form of a fine, was made against every import. The principle maintained was, in general terms, this, that it was the duty of the state to remedy the unequal gifts of nature by legislation, so that the less favoured countries should be enabled to compete with the more favoured, in the arts of production and interchange. Thus we have the anomaly of different nations protecting both agriculture and handicraft, the one or the other conversely, or neither. England being a manufacturing country, protected corn; and while the farmers were satisfied, the statesmen believed the kingdom to be prospering. Continental states, being mainly agricultural, fostered manufactures. The profits from husbandry, in a manufacturing country, like those of handicraft in an agricultural country, are comparatively limited, and to divert the productive energy of the people from the more to the less profitable pursuit, means national waste and loss. Yet for thirty years England endured, not merely the burden of her Corn Laws, but other imposts of customs and excise, and every European state rivalled her in the severity of its tariff. British navigation was fettered during this interval by the Act of Cromwell and Charles II., which restricted to native vessels all her commerce with Asia, Africa, and America, and required the masters and three-fourths at least of the crew to be British.

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* A nominal duty of a shilling a quarter was retained till the year 1869, when the last semblance of an import duty was removed.

France, in like manner, not only protected her manufactures, but tampered with the trade in corn. Colbert long before had discouraged the exportation of corn, and the husbandmen, suffering by the contraction of their profits, produced less in consequence. By statutes passed in 1819 and 1821 the agricultural interest dictated an opposite course, copied from England, and, for the first time, restricted importation, and, in order that the markets should be kept in the hands of the farmers, the people were made to pay dear for their bread.

The effects of French policy upon the national commerce are shown in the Government returns:—

Year.	Exports.	Imports.	Total.
1827	602,500,000 fr.	556,000,000 fr.	1,158,500,000 fr.
1839	1,003,250,000 fr.	947,000,000 fr.	1,950,250,000 fr.

FRENCH MANUFACTURED GOODS EXPORTED.

1817	Value in francs . . .	343,676,841
1839	,, ,, . . .	658,292 023

We observe in these figures an excess of exports over imports, explicable by the fact that exports were encouraged, but imports were charged with high duties. By removing the duty on imports, more commodities would have entered France in payment for her manufactures; and the necessity of legislation to keep these imports out of the country, prove them to be more wanted than the specie for which they were sacrificed. The foreign demand for French manufactures would likewise have been stimulated by encouraging the admission of commodities in exchange.

However multifarious the constituents of trade, the exports and imports must represent, the one, the exchange value of the other. If money is received only as so much metal in answer to a commercial demand for gold, it becomes a commodity, like the rest. If money, however, is sent because other exchange is prohibited, wholly or partially, it takes the place of goods. The goods, however, would have entered France only in answer to a demand to which profit attached, and it follows that every prohibition, if effective, cut France off from a source of profit, which in the aggregate and over many years must have been enormous. The loss to Europe by the repression of industry in well-meant efforts for its protection, would, it is calculated, more than pay the accumulated debt of every civilised state.

The natural resources of France are so great and varied that she could command in commerce the produce of every zone in abundance. Pre-eminent for taste and skill in handicraft, with a soil productive of world-famed fruits, the law is self-suggestive that the French should cultivate the elements of wealth with which nature has endowed them, and which their own talents can carry to perfection, and not waste their energies in a contest with nature, and the cultivation of produce better fitted for a different clime.

Russia was a ready convert to the restrictive system taught by the commercial nations around. Improving upon the scale of duties imposed by most countries which sanctioned interchange, Russia published tariffs with prohibitions proportioned to the hugeness of the empire, and effectually debarred her subjects from comforts and luxuries which other communities would gladly have supplied. Russia is anxious to promote commerce, yet her commercial laws are so framed as to deaden foreign intercourse. While the seaports languish, the inland trade is extensive, inasmuch as the dues are lighter, and contraband trade is more easily carried on along the inland frontiers than along the coast. Five-sixths of this contraband trade is by way of Germany, and has assumed such dimensions that honest traders have turned their attention almost exclusively to the exports from Russia, and hardly a dozen of the large merchant firms, which once carried on an active business, now remain in St. Petersburg. Even if public opinion in Europe were not coming round to free-trade principles, Russian smuggling should teach the Government the necessity of revising the tariff. In 1830, duties were partially lowered, and hopes were entertained that the lawful trade would reap the benefit, but the remission was so trifling that neither revenue nor commerce derived any advantage therefrom. That Russia has benefited by legislative protection is a delusive inference. The same vigour and industry applied to the development of the natural resources of the empire, for which the people and the country were better fitted, would have been vastly more profitable. The thousands of serfs, busy in manufactures, which they could obtain better from abroad, would have still been employed. Every protected industry in Russia has created a vested interest which cannot be disturbed without inflicting hardship and injustice. The Russian Government has entered into heavy bonds, therefore, to continue a false economy, involving a constant loss to the empire. Viewed through the medium of other facts, the protective system of Russia has not been successful even in the objects aimed at. Her industry is far behind that of other countries, and in the manufacture of the finer qualities of fabrics it only very partially succeeds; and her dependence upon other states is confirmed rather than removed. For a long while spinning was so imperfectly carried on that the best textures were made from imported yarn. Englishmen and Germans are generally at the head of industrial establishments, and the machinery is obtained from foreign sources. How the foreign trade of Russia has been prejudiced by bad legislation, may be exemplified by reference to its English commerce, which both in imports and exports much exceeds that with any other nation; yet it has become so one-sided that few British agents now reside in Russia. There are signs of a not distant revolution in Russian tariffs, when prohibitive duties will be modified or removed, and a commerce spring up which will cause future generations to look back upon the forced and puny prosperity created by protection, as a curiosity of history and a sample of the errors of a half-civilised age.

Spain and Portugal did not initiate any new policy of exclusion, for under the impression that their miserable manufactures were thereby upheld, these, the most backward states in Europe, had always been forbidden by law to enjoy the produce of other countries, in exchange for their own, and under a like delusion had been compelled to pay a high price for almost every commodity produced at home. Spain aimed at being the emporium of the produce of all her colonies, but over-reached herself by the rigour of her tariffs. While neglecting her home resources, and allowing her manufactures to die out, she demanded the produce of her colonies, giving nothing in return but commodities she had imported from other countries, and which the colonies could obtain direct at a cheaper rate. Smuggling, as a consequence, in the West Indies, assumed the proportions of lawful trade, and spread to South America. Jamaica, Curaçoa, and St. Thomas, flourished for generations from the profits of contraband commerce, which was chiefly conducted by citizens of the United States joined with the Creoles, but was never more active than from 1816 to 1825, the interval of the gradual and final fall of the Spanish power in the New World. So futile had Spanish repression proved, that Europe was supplied with larger quantities of vanilla and cochineal from Mexico, as well as tobacco and indigo from Columbia, by the smugglers than by Spain herself.

Austria carried the system of exclusion to such a length that the various parts of the empire were protected from one another by frontier duties, thus taking money out of one pocket to put it into another. The country lost money at every transfer, and that through a long course of years. It was likewise impossible to guard the frontiers of such an empire against a system of illicit traffic, scarcely equalled in extent by that of Spain, and it can excite no surprise that the manufactures were never commensurate with the natural resources of the empire. Austria enjoys few advantages for external commerce. Mountains intercept the passage of inland produce to the sea, and the mouths of the Danube belong to a foreign power. The maritime borders are mere narrow strips of scanty length. These circumstances did not suggest to the Austrians how desirable it was to encourage the limited commerce open to them. Trade was therefore exclusively domestic, or inland, and restricted even there by tolls and difficulties of communication between town and town. The inconsistency of different rates of duties was carried to an extreme. The folly and evils of such a system had been patent and relinquished in the Italian provinces as early as 1817, while it was still maintained in Austria proper and Hungary. There is no doubt that a considerable success may be achieved in creating artificial industries by means of high protective duties paid by the community at large, for the support of limited interests, but the wisdom of the policy must be measured by its cost. Half the people of Bohemia, Moravia, and Lower Austria were taken away from the cultivation of the soil, in order to engage in handicrafts, which were only profitable to the producers, while the community submitted to pay more for native-made goods than it would have had to pay for better articles of foreign make, exported from countries where excellence is secured by competition. That the policy of Austria has been erroneous, and has hampered the development of national industry, is proved from its slow progress, and the insignificance of its commerce compared with its vast resources.

Denmark, upon the appearance of reverses, resorted to the common practice of protecting manufactures, and at the same time made rigid laws to check illegal traffic. The Danes were possessed with the idea that they had only to prohibit foreign goods, and their country would be able to supply the loss. While depression lasted the favoured industries made but little progress. As soon as prosperity reappeared a few important manufactures were produced, and hailed as a new road to wealth. Protective duties were first levied upon Danish imports in 1814, and a quarter of a century afterwards, finding that protection had done but little towards the advancement of home manufactures, still heavier customs were imposed upon every article of import. The temptation thus held out to defraud the revenue was met by doubling the preventive service, at great cost, and inflicting a severer punishment upon the evil-doers. By such means woollen cloths and cottons of inferior make, and insufficient for home consumption, were enabled to supersede the abundant, cheaper, and better foreign fabrics.

Holland, the traditional home of free trade, to conciliate the South Netherlands, sacrificed its old principles and established an obstructive tariff, which was continued, in deference to the prevalent fashion, even after the separation of the two countries, in 1830. There would not have been the least hope of reciprocity in that day if the Dutch had reverted to their old system of trade. In the spirit of their natural motto, "Luctor et emergo," they "strove to keep their heads above water" with a heavy tariff, millstone-like, around their necks, but freed themselves from the burden in the end by recurring to their former wiser policy. Nevertheless the Dutch still continued the most rigorous system of protection in their eastern possessions. Without this device, the introduction into Java of Dutch textiles, a valuable part of the national commerce, would soon have been superseded by England, whose fabrics, even as it was, surmounted the fiscal obstructions, and have ever since entered Batavia annually in excess of similar Dutch imports.

Turkey, the type of inactivity, as Holland is of industry, remained almost alone with unprotected manufactures. Its economic history favours, on the surface, the policy of restriction, for its manufactures have dwindled away. Such a result as this has been the dread of more advanced countries, and allows us to trace in practice how far the theoretical fears of the injury done to a state by unprotected manufactures are well founded. The wretched condition of Turkey is not owing to the want of manufactures, but that want is owing to her wretched condition. By the gradual dying out of manufactures the Turks are not rendered more apathetic than they were, for it is their apathy that has caused the manufactures to disappear. Their scanty industry is turned in the direction of agriculture, for which their soil is essentially fitted; that is to say, their industry, such as it is, is applied to the most profitable pursuit. Does Turkey get less, or worse, or dearer clothing than when she made her own? Certainly more, and better, and cheaper. Do the Turks obtain less food than when a smaller number tilled the soil? The answer is self-evident. In what then has Turkey suffered by commercial freedom? Let us not blame the economic laws, which are the best feature in the Turkish system of government, but attribute to political and social causes the backwardness of the Ottoman Empire.

The United States found it as difficult as did the European States, to contend against English rivalry, not only in foreign markets, but even on their own ground at home. Adventitious circumstances had done, and continued to do, much for American manufactures by checking productive labour in other forms. Such were the blockades of Europe during the wars of the French Empire, the war with Great Britain in 1812, and the various commercial panics owing to over-issues of paper money and other causes. At such times foreign trade was paralysed, and capital was diverted to domestic manufactures. America was ambitious to possess handicrafts like those of the Old World, but new and boundless territories like the United States needed clearing, and cultivating, and settling, before factories could be profitably established. Manufactures could be only artificially forced, and natural laws were put aside to accomplish the object. The rationale of the course pursued by the Americans is far from self-evident. America wanted manufactured goods; it was what the Union was deficient in; and they were interdicted. There was abundance of produce of the soil; no more was wanted; and it was allowed to enter free. On the other side of the Atlantic manufactures abounded, unequalled in the world for excellence and quantity; but the area applicable to the cultivation of corn being circumscribed, enough was not produced for the food of the people. Here appear the elements of interchange: let surplus corn be sent to England, and surplus fabrics to America, and both countries would have abundant food and clothing. What was the course pursued? England kept out American corn, and America kept out English manufactures. It will be said that no one would send corn to America or manufactured goods to England under such circumstances, and that by protecting handicraft in one case and husbandry in the other we enrich respectively the manufacturer and farmer. Two-thirds of the American citizens, however, are not manufacturers, and more than half of the English are not farmers. On account of the prospective importance of the career of the United States we are led to inquire, would America rank as a manufacturing country if its primary vigour were directed to develop its natural resources, that is, its raw materials, without a prohibitory tariff? There are in her population, after a century of effort, but few manufacturers as compared with those who follow other vocations. The principal occupation of the people is agriculture. Secondly, where labour is scarce and fertile soil abounds, inventions to economise labour are inevitable. Thirdly, the mineral resources of the United States are so vast, that little impression seems yet to have been made upon them. Coal-fields larger than the area of the United Kingdom, an extensive diffusion of iron, a plentiful provision of other metals, salt, and stone, are the elements of a manufacturing greatness, to which few countries, either in the Old World or the New, could possibly aspire. Lastly, the mechanical genius of the Americans has been fully proved by their skilful adaptation of means, and by the success already reached in manufactures. Taking these facts into consideration, we arrive at the conclusion that the American republic is destined to be a great manufacturing nation, but that it has to go through a long preliminary course of development.

Is the system of protection expediting this development? It has not increased the manufacture of labour-saving machines forced upon the country by the scantiness of the population. It has not succeeded in keeping out of the Union the manufactures of England, for textile fabrics, machinery, and iron-work figure largely amongst the imports from that country. Protection in the United States is a contribution levied upon agriculture for the support of manufactures, and upon each manufacture in support of the rest. In England the farmers were protectionists, the manufacturers in many cases free-traders. A principle so shifting ought to make us cautious in its acceptance. The relation between the two interests is not fixed but variable, and a perfect system of protection ought to slide up and down, as manufacture or husbandry grows more or less independent of competition. Where there is no fear of such competition there can be no need of protection, for where the producing powers of two countries correspond, neither can take advantage of the other. In the comparison of the productive powers of the different countries of the world there is every shade of difference. A complex system of protective duties must then be devised to remedy this provision of nature, and make it tally with the theories of man. The chief objection, and a vital one, to such a system is that it never can be made perfect. We are thus brought to the conclusion that it is wisest to leave the laws of supply and demand to take their own course. The wealth which is transferred, under a protective system, would, in the absence of bounties or duties, remain with its producers, who, by obtaining it, have proved themselves to be its best administrators. Whenever wealth passes from its producers without their consent, there is loss in the transfer, for it passes to those who did not produce it, and who, by that very fact, cannot turn it to such good account; loss also is involved in its application. If left with its first possessors it would be more reproductive and add more to general prosperity. In the course of many years, this cumulative wealth would amount to a large sum. Much of it would find employment in manufactures, without violating economic laws, and thus free industries would make their way, with small profits attaching to them at first, but each year enlarging; and each industry would beget its kindred, as skill and intelligence were brought to bear upon it. We thus conclude that, had American manufactures been left unfettered, their value would have been greater, certainly not less, although their present aspect would have been modified; while agricultural industry would have had all along the advantage of the reproductive capital of which it has been deprived.

Thus, not only Europe, but the New World, presented the picture of States restricting commercial intercourse with one another, arresting its benign influences, and limiting the production of wealth. There was a general adoption of the exclusiveness of China and Japan, of the selfish and narrow policy of the Middle Ages, and of the grasping spirit which distinguished the Phœnicians and Carthaginians. Immediately before the French Revolution there had been, as we have seen, a tendency towards freedom of trade, which succeeding events completely crushed out for half a century. Various circumstances contributed to this revived reliance upon the principle of protected industries. So vast had been the consumption of the stored-up wealth of ages, during the war, that the want and misery which had ever been too prevalent in settled states, pressed with tenfold intensity. To meet and remedy this suffering from poverty, was an urgent requirement. To allow commodities to leave the country appeared to many minds a wrong to the poor, while to let them enter appeared to others to rob the labourer of the means of employment. The unexpressed thought was "to get all we can and keep all we have." Statesmen legislated for the moment and not for time. The obvious evil was grappled with, but no philosophic insight devised a permanent cure. Posterity had been saddled with the debts of the war, and the burden of providing for its moral consequences was also shifted to the shoulders of the future. Protection had a noteworthy origin in the United States, being forced upon the revolted colonies in the War of Independence, by the blockade which England established, to cut the "rebels" off from their supplies of Old World manufactures. In the Spanish Republics and Brazil protective principles were a legacy from bad government of Spain and Portugal. Additional protective rigour has been enforced in the United States after every commercial crisis, but these monetary evils have proved too deep-seated to be removed by empirical means. Protection professed to advance the well-being of a state, and in turn it became punitive, in retaliation for the same policy being carried out elsewhere, but it never professed to advance the well-being of others as well as of ourselves, as does the opposite principle of unrestricted competition. It is the principle of the antagonism as contrasted with the community of interests. But if a protective policy were the best for separate states, it ought to be the best when they were combined under one ruler. Experience proved otherwise. Even Austria allowed free intercourse within the bounds of each of her individual states, and Napoleon himself aimed at the unity of Europe in trade as well as in government. The reciprocal defence against each other, amongst the German powers, grew to be intolerable, and eventuated in the Zollverein, by which Germany at large protected itself from foreign but not domestic competition.

We may trace the formation of public opinion in the matter of free trade to the writings of Adam Smith. It needed, however, the persistent teachings of earnest economists to overcome the inertia of ignorance. To England especially is the lead due, in the crusade against protective duties, through which public opinion was completely altered in the course of one generation. The imperial monopoly of the East India Company, the Corn Laws, the Navigation Laws, and by degrees every vestige of protective duties disappeared from our statutes. Our shores are now as free to foreign as to English ships. The name of Richard Cobden, who, in this agitation, well earned the appellation of the Apostle of Free Trade, will ever be eminent. His mission was aided by two important circumstances: first, the failure of the harvest in 1845, making famine imminent; second, the conversion to free-trade principles of a great minister, Sir Robert Peel, who resigned power, so that the bread which the poor ate should no longer "be leavened with a sense of injustice." The repeal of the Corn Laws was followed by the remission on principle of every impost upon industry and interchange, except such as are necessary for purposes of revenue or morality. The economists both of England and France combated the idea that it was a function of government to interfere, in a direct manner, in any of the national industries. The proposition generally entertained was that new and feeble manufactures should be protected, but that at maturity they should be left to protect themselves. Otherwise, it was believed, that many manufactures could not survive the struggle with more vigorous or better favoured countries. The counter proposition put forward, and accepted in England, was that the government is not justified in making the community recoup manufacturers for the costs of preliminary experiments and failures. If eventual profit is clearly enough foreseen to induce individuals to compete in any department of industry, it is the duty of the legislature to give free scope to their labour, skill, and intelligence, and equally the duty of the adventurers to pay their own expenses as well as to reap the profits. The sole and fundamental purpose of production is to supply the *demand*, in an economic sense, of consumers. To produce for producers, except in so far as they are also consumers, is an absurdity. Demand is an all-sufficient stimulus to production. Any forced or artificial stimulus, legislative or otherwise, is a confession of the weakness or absence of demand, and, by so much, a surplusage of energy, creating and fostering an unhealthy because unnatural growth.

Free-trade principles did not make such rapid way as did the previous schemes of protection. The new system asserted itself by economic arguments, which, though logically irresistible, did not appeal so much to the feelings, and therefore to the convictions, of the people at large, as did measures for the immediate relief of poverty, such as those of legislative protection of industry. Nevertheless the following list of commercial treaties, throwing trade open, or reciprocally alleviating the rigour of tariffs, demonstrates the progress of free-trade principles:—

COMMERCIAL TREATIES IN RECENT YEARS.

1824 . . .	England	with	Denmark.
1826 . . .	„	„	Sweden and Norway.
1838 . . .	„	„	Turkey.
1839 . . .	Holland	„	United States.
1840 . . .	„	„	France.
„	„	„	Turkey.
1842 . . .	„	„	Sardinia.
„	„	„	Belgium.
1843 . . .	„	„	Texas.

1843	Holland	with	Greece.
1845	England	,,	Two Sicilies.
1853	Austria	,,	Prussia, for twelve years.
1854	England	,,	United States.
,,	,,	,,	Japan.
,,	United States	,,	,,
1855	England	,,	Switzerland.
1858	Russia	,,	Japan.
,,	England	,,	China.
1859	,,	,,	Russia.
,,	United States	,,	China.
1860	Russia	,,	,,
,,	England	,,	France, now to terminate.
1862	Prussia	,,	,,
,,	Turkey	,,	Sweden.
1865	Zollverein	,,	Belgium.
,,	,,	,,	England.
,,	,,	,,	Switzerland.
,,	,,	,,	Holland.
,,	Holland	,,	France.
1866	France	,,	Austria.
,,	Zollverein	,,	,,
1867	Austria	,,	Italy.

Even Spain and Portugal appear to have become sensible of the impolicy of protective principles. Their trade is almost wholly with the United Kingdom, and confined chiefly to wine, which had diminished rather than increased, while French wines, under the provisions of a liberal tariff, bade fair to take the place of sherry and port. Free-trade principles were introduced into Portugal in 1864, and a willingness has been exhibited by Spain to adopt reciprocal privileges of trade, and to lower the import dues.

The apparent reaction, since the civil war in America and the overthrow of the Second Empire of France, in the commercial policy of these great States, further exemplifies the fact that protected industries are one of the many evil legacies of war. France attempts to reverse her recent principles, not because free trade has been unsuccessful, but because revenue is a necessity; but she practically disregards this limit, and reproduces the baleful effects of privilege, at the cost of the community.

America, reviewing her former astounding exports of cotton and the vital want of supplies in Europe, does not acknowledge that these exports would have been still larger, had she taken our manufactures freely in exchange. The disasters of war, both in the case of France and America, threw an increased portion of their trade into British hands, against which alienation, under an injudicious fiscal policy, the United States have not since been able to contend. Their high tariff has indeed destroyed their merchant navy, for the vessels are no longer chartered, which were formerly engaged in obtaining from Europe her now-discountenanced manufactures. Meanwhile the United Kingdom—the abode of free trade—enjoys general and unexampled prosperity.

On the subject of commercial policy nations seem determined to exhaust every modification of folly and absurdity before they finally arrive at the simple and cardinal rule which the French merchants announced to Colbert, more than a century and a half ago, when he asked their advice and opinion how he could best promote commerce—"Laissez-nous faire"—"Let us alone"—before they have faith in the simple truism, that men have generally the intelligence to discover and act for their own interests far better than any Government can do for them.

Benjamin Franklin, when enforcing the maxim, "Pas trop gouverner," quotes this well-known answer of the merchants to Colbert, and adds:—"It were to be wished that commerce was as free between all the nations of the world as it is between the several counties of England: so would all, by mutual communication, obtain more enjoyments. Those counties do not ruin one another by trade; neither would the nations. No nation was ever ruined by trade, even seeming the most disadvantageous. Wherever desirable superfluities are imported, industry is excited; and therefore plenty is produced. Were only necessaries permitted to be purchased, men would work no more than was necessary for that purpose."

What can exceed in folly and absurdity the present system? At a time when all the genius and science of the world are occupied in seeking to economise the means of transport—at a time when, to realise these economics, the mountains are removed, the valleys are filled up, and the roads are levelled; when the steamboats are brought to perfection; when from all the great cities and towns the iron roads radiate in every direction; at the very time when it might be supposed that all are seeking with ardour and sincerity the solution of this problem—

"How to make the price of things at the place of consumption approach as nearly as possible to the price of the same at the place of production,"—is it not wonderful that the same people unite to defeat this object by raising up other and artificial barriers?

Now, for an example, and to avoid the prejudice of local interests, take the case of our neighbours on the Continent, in France and Belgium. This is the case given by Bastiat in his "Economic Sophisms."

Why is the cost of an article manufactured at Brussels, for example, dearer when it arrives at Paris?

It is not difficult to see that this arises from obstacles of different kinds which exist between Paris and Brussels; that these cannot be overcome without loss of labour and loss of time, and that they must submit to these losses, or pay others for submitting to them. Rivers, marshes, mountains, rocks, earth, and mud are some of the difficulties to be surmounted. This is accomplished by constructing roads, building bridges, piercing tunnels, and diminishing resistance by iron lines, &c. But all this costs money, and the article transported must pay its share of the cost. There are thieves by the way, and this requires a gendarmerie, a police, &c.

Now, among these obstacles there is one which our neighbours themselves have raised at a great expense, between Brussels and Paris. There are men in ambuscade along the frontier, armed to the teeth, and charged to oppose difficulties to the transport of goods from one country to the other. These are called "Douaniers." They act exactly in the same way as mud and ruts. They retard and shackle. They contribute to the difference before noticed between the price of production and the price of consumption—a difference which it is our problem to reduce to the utmost possible.

And here is the problem solved:—Remove the tariff, or at least diminish it. You will then have made the railway of the North without its having cost you anything. Moreover, you will save the heavy expenses, and you will begin from the first day to draw your capital into your pocket.

Truly, it is wonderful that it should enter into the heads of our neighbours to spend so many millions to remove natural obstacles which interpose between France and the foreigner, and at the same time to pay so many other millions to substitute artificial obstacles which have exactly the same effects, so that the obstacle created and the obstacle destroyed neutralise themselves: the things go as before, and the result of the operation is a double expense.

A Belgian product is worth at Brussels twenty francs, and, delivered at Paris, thirty francs, because of the expenses of transport. The same product of Parisian industry is worth forty francs.

What do they do?

First, they put a duty of, at least, ten francs upon the Belgian product, in order to lift up the price at Paris to forty francs; and they pay a number of servants to take care that it does not escape the duty; so that, in its course, it is charged ten francs for the transport, and ten francs for the tax. That done, they reason thus:—This transport from Brussels to Paris, which costs ten francs, is very dear. Let us spend two or three hundred millions of francs on a railway, and we shall reduce it half. Evidently all that they would have gained would be that the Belgian product would be sold at Paris for thirty-five francs, that is to say:—

Price at Brussels	20 francs.
Duty	10 „
Carriage, reduced by the railway	5 „
Total, or price of deposit at Paris	35 francs.

Now, would they not have attained the same result by lowering the tariff to five francs? The account would then stand thus:—

Price at Brussels	20 francs.
Duty reduced	5 „
Carriage by the ordinary road	10 „
Total, or price of deposit at Paris	35 francs.

And this last proceeding would have spared two hundred millions of francs, the cost of the railway, over and above the expenses of the Custom-house officers, for these ought to diminish in proportion to the removal of temptations to smuggling.

But, say our neighbours, the duty is necessary for the protection of Parisian industry. Be it so. But then do not destroy the effect of your own railway. For, if you persist in wishing the Belgian product should mount, like that of Paris, to forty francs, you should raise your duty to fifteen francs, and the account would then stand thus:—

Price at Brussels	20 francs.
Protection duty	15 „
Carriage by the railway	5 „
Total price, equalised	40 francs.

But, then, what is the use of the railway?

Now, suppose the railway made, and all other obstacles removed, and then suppose the same question asked:—What is the use of the railway?

Is it not something humiliating for the nineteenth century to be preparing for future ages such practical puerilities as these with imperturbable gravity?

But we are beginning to see that, in the carriage of goods, that which renders the transport onerous, acts in the sense of protection; or, to turn the sentence, if preferred—that protection acts in the sense of all that which renders the transport onerous.

It is, then, true to say that a tariff is a marsh, a mud-rut, a rough declivity; in a word, an *obstacle*, the effect of which is to augment the difference of price of consumption and the price of production. It is even incontrovertible that a marsh, a quagmire, &c., are true protection tariffs.

There are some persons (a small number, it is true, but there are some) who begin to comprehend that obstacles, though artificial, are not less obstacles; and that our well-being has more to gain from liberty than from protection, precisely for the same reason which makes a canal or a railway more favourable than a deep sandy road. "But," say they, "it is essential that this liberty should be reciprocal."

They say, "If we lower our barriers before France, without France lowering before us, evidently we shall be the dupes. Let us, therefore, make *treaties of commerce* upon the basis of just reciprocity—let us concede, that they may concede to us—let us make the sacrifice of buying, to gain the advantage of selling."

The persons who reason thus, whether they know it or not, advocate the principle of protection, only they are a little more inconsequential than the pure protectionists, as these are more inconsequential than the absolute prohibitionists.

But the truth is that all the selfish passions which other controversies call forth are at work here. All the devices and stratagems of party warfare are in requisition in the nineteenth century, as in the ninth, and may serve to show to all men how little love they have for one another.

Most men see evils in change, especially if it seem likely to affect themselves prejudicially, and they do not see the good to others. They do not see that there must be a compensation for every evil in God's universe: that all things must work together for good to them that love Him. That which affects a society for good or for evil, must affect every member of it for good or for evil.

The very test of the difference between one member of it and another, is the use which he makes of this great law of Nature—the interpretation which he puts upon it—the earnestness with which he lays it to his heart as a message and a law to himself.

Assuredly it is no contradiction of the Great Teacher—it does not jar with any conception which we receive from Him, to say that, though on earth we may fancy ourselves under a law of selfishness—though here we may act as if we had no ties and relationships to those who surround us—when we close our eyes on the things with which they have been familiar, we pass into a region where it will be impossible any longer to think that we can escape from that divine law of love which binds man to man—which binds earth and heaven together.

Free-trade has been reproachfully termed a theory. But the truth is that there is much more theory about the doctrine of protection than about free-trade. Free-trade is the state of nature. Protection is an attempt to make things better than nature made them.

Free-trade existed before protection, and will probably exist after it. The burden of proof lies not on those who advocate letting people alone to manage their own affairs, but on those who advocate an interference with them by the state. The arguments by which men attempt to do this constitute the theory of protection.—C. T.

APPENDIX TO PART I.

THE RED SEA ROUTE.

UNDER the Ptolemies, the Red Sea became the chief route for Indian commerce, and continued so until Constantinople was made the capital of the Eastern empire (A.D. 330), when the Persians, encouraging trade through their territories, began to divert it to the Persian Gulf and Euphrates valley. The European commerce of Alexandria and the Red Sea was chiefly with the Western Empire; and when that finally fell under the power of the Barbarians (A.D. 476) the Persian Gulf became the chief course for the traffic between India and Europe. In the middle of the seventh century the trade was for a time almost stopped by the spread of Arabian influence over the intervening regions. This interruption, combined with the extension of civilisation to the north of Europe, opened a new channel, by Astrabad, through the Caspian Sea, and by the rivers Volga and Don to the Black Sea; the Crimea forming a depôt, while Constantinople continued to be the chief emporium. Venice and Genoa competed for such of the trade as still passed by the old channels of the Persian Gulf and the Red Sea. The Venetians, in coalition with the Crusaders (in 1204), captured Constantinople—the key to the Black Sea—and thus obtained almost a monopoly of Eastern commerce for about fifty years, until the Genoese assisted the Greeks to expel them, and in their turn obtained the monopoly; the Venetians meanwhile being again restricted to the old channels. On the capture of Constantinople by the Ottoman Turks (in 1453), the Genoese were driven from the Black Sea, and the trade was forced to return to the Red Sea and the Persian Gulf. The Venetians thus regained the monopoly in the Mediterranean. The Arabians were in the ascendant in the Eastern seas.

Towards the close of the fifteenth century, Holland alone of all European nations, was materially advancing in industry and commerce. Spain and Portugal were prosecuting their maritime discoveries, which resulted in the discovery of America in 1492, and of the Cape route to

India in 1498. After a short struggle, which ended with the defeat of the combined fleets of Egypt and Guzerat in 1509, the supremacy of Portugal was established in the East, and the trade was diverted to the new ocean route; the ancient routes through Egypt and Syria were then abandoned, except in so far as they could be used for pilgrimages and local purposes, and the decay of the towns upon them was hastened.

The almost simultaneous discovery of the continent of America, and the Cape route to India, opened up a new and enormous field for ocean navigation, and for the enterprise of the maritime nations in Northern Europe. The Portuguese were the first to establish factories and settlements and to acquire territory on the Eastern seas. Their example was soon followed by other European nations, and thus was laid the foundation for the great development of Eastern trade which has occurred in recent times. The supremacy of the Portuguese gave way to that of the Dutch, which in its turn was supplanted by that of the English, who have acquired in the course of about a century, sovereign power over nearly the whole of India, and have removed all restrictions to the commerce of other nations with their Eastern possessions.

As the British Empire in India assumed large dimensions and intercourse increased, the necessity for more expeditious means of communication than the voyage of from four to six months by the Cape, became urgent, and its practicability became apparent, directly steam was applied to ocean navigation.

The first practical efforts to establish a quick and regular communication for the conveyance of mails and passengers between Europe and the East, were made towards the close of 1834, after three or four years had been spent in preliminary investigation. The choice lay between the Red Sea and the Euphrates valley.

By the Red Sea route, mails were conveyed between England and Bombay for nearly three years, partly by steamers and partly by sailing vessels, with some approach to regularity and dispatch, the shortest time being forty-five days. An exploration of the Euphrates valley was made during the same period, and a dromedary post established between Beyrout and Bagdad. These experiments proved that at that time the Red Sea route was the most practicable, and in 1837 the first regular mail service was begun upon it.

The arrangement in 1837 was limited to one mail a month each way, between England and Bombay; conveyed by merchant steamers under contract to Gibraltar, thence by an Admiralty steamer to Malta, whence another Admiralty steamer conveyed them to Alexandria. From Alexandria to Cairo the conveyance was by sailing vessels on the canal and river, or on donkeys by land; thence to Suez, across the desert on camels. Between Suez and Bombay the mails were carried by a line of steamers belonging to the Indian navy, calling at Jiddah, Mocha, and Moculla, on the coast of Arabia, for the purpose of coaling.

In 1839 the British and French Governments entered into a convention for the conveyance of the mails through France, an Admiralty steamer taking them once a month from Marseilles to Malta in connection with the other line. In the following year the Admiralty steamers were discontinued, and the conveyance throughout from England and Marseilles to Alexandria was let by contract. In 1839 also, the English took possession of the port of Aden, near the entrance of the Red Sea. It was at once adopted as a coaling station, having a good harbour, capable of easy defence, and being about midway between Suez and Bombay. The other coaling stations on the Red Sea route were then abandoned.

The chief defects in the route were the delay and expense of the transit through Egypt. The time occupied in this part of the journey, which consisted of about 164 miles by water, and about 90 miles by land, sometimes exceeded a week, and the expenses of conveyance were not only heavy, but the Egyptian Government also levied a transit duty of three per cent. on all goods. The most expeditious mode of conveying the mails was altogether by land from Alexandria to Suez. Passengers preferring the water route as far as it extended, were conveyed by vessels, which, when unable to sail, were dragged by men; but horses were afterwards substituted for the traction on the canal from Alexandria to the Nile. In 1841 the Egyptian Government reduced the transit duty to one-half per cent. Four steamers were then put on the canal and river, various conveyances drawn by horses were run on the desert, and halting places with supplies of water and other necessaries were established at short intervals. The time then allowed for the transit of the mails was about three days and a half. These arrangements were effected by English agencies and continued under their control for more than two years, when the whole of the transit arrangements were transferred to the Egyptian Government. Eventually three steamers and large track boats were placed on the canal, 44 miles; fifteen steamers on the Nile, 120 miles; 500 horses with vans on the desert, 84 miles; besides landing-boats at Alexandria and omnibuses at Alexandria and Cairo.

Until 1844 the traffic was almost entirely confined to mails and passengers. French and Austrian steamers shared with the English in the Mediterranean part of this traffic, but on the Eastern seas there was only one line of steamers between Suez and Bombay belonging to the East India Company. These being government vessels they were not available for the general purposes of trade. The first large steamer for the India and China trade was sent out from England to India in the autumn of 1842, and was soon followed by others, chiefly belonging to the Peninsular and Oriental Steam Navigation Company. They were immediately placed on the lines between Calcutta, China, and Suez, and took part in the extended mail service which was begun in January, 1845; but, by combining the carriage of merchandise with that of the mails, a considerable trade through Egypt, chiefly consisting of treasure and costly articles, was gradually developed.

In January, 1845, the mail service from England was extended so as to communicate with all the principal ports of India and China twice a month. In the Eastern seas a line of steamers belonging to the Indian navy still carried the mails from Suez, by Aden, to Bombay. The rest of the service was let by contract, and consisted of a line of steamers from Suez, by Aden, to Galle in Ceylon, thence by Madras to Calcutta, and by Penang and Singapore to Hong Kong. These arrangements continued in force until the end of 1852, when the whole of the mail service was let by contract, but for more than a year previous to this alteration the Peninsular and Oriental Steam Navigation Company had established a line of steamers between Bombay and Galle.

Branch lines were laid to Mauritius, to Shanghai, and extended afterwards to Japan, and to Australia; but the Australian service was not profitable. In 1857 a direct line of steamers was established between Suez and the ports of Melbourne and Sydney, but it was not long continued, and Australia was at length included in the general mail service between Europe and the East.

In 1854 or 1855 further improvements were effected in the transit through Egypt, by opening a line of railway between Alexandria and Cairo, a length of 162 miles, thus reducing the time between those two places to seven hours. The railway was extended to Suez, a farther length of 90 miles, in 1858, forming a continuous railway communication across Egypt. The time actually occupied in travelling across was thus reduced to about twelve hours, but two days were allowed for the transit, to cover the time lost in transhipment.

In 1862 the French established lines of large steamers in the Eastern seas, from Suez, by Aden, to Galle, and thence by Pondicherry and Madras to Calcutta, and by Singapore, Saigan, and Hong Kong to Shanghai, afterwards branching to Yokohama, in Japan, to Batavia, and to Mauritius. In 1866 an Anglo-Indian trading company established a line of steamers between Suez and Bombay, distinct from the mail service. Another line between the Persian Gulf and Kurrachee was established in 1867.

The last re-arrangement of the mail service between England and the

East took place in February, 1868, a weekly mail being then established upon most of the main lines. The Peninsular and Oriental Steam Navigation Company, which has the contract for this service, and had all the previous contracts, had then, on the Eastern seas, in active service, a fleet of thirty-two steamers, of a total burden of 55,100 tons, and of 11,800 horse-power. The French Messageries Impériale had twelve steamers of 4,320 total horse-power. Adding to these the steamers belonging to other establishments, there were in the Eastern seas, at the time of opening the Suez Canal, about fifty steamers of a burden of about 90,000 tons, employed in connection with the Red Sea route, besides numerous smaller steamers employed on coasting trade.

SUEZ

First appears in the "Statistics of British India" in 1845, but its trade with all the ports of that empire, though gradually increasing, did not much exceed a third of a million sterling in the year ending 30th April, 1855. In the next year, when about 155 miles of railway were open in India, and the railway between Alexandria and Cairo was in full operation, it suddenly increased to two and a half millions, and averaged more than four and a half millions for each of the following six years. During each of the four years ending 30th April, 1863—1866, when the influence of the civil war in America was most felt, it averaged more than eight and a half millions. In 1867 the trade, exclusive of treasure, was under three millions sterling. Almost the whole consisted of imports into India; it commenced with costly and light merchandise, but in 1865 more bulky and less costly articles began to be sent. There was also a considerable trade between China and Suez, which eventually included all the exports of silk from China to England, but tea appears never to have been sent by this route, the packages being too fragile for transhipment. A considerable trade had thus been established through Egypt, amounting, probably, to a total tonnage of under half a million a year.

Suez has had its site gradually shifted, owing to the silting up of its harbour. Its existence depends upon its through traffic. Previous to the establishment of the overland mail route it had sunk into a half-ruined state, and numbered less than a thousand inhabitants. Recently the population had risen to nearly eight thousand, including numerous European residents connected with the steamer establishments, the railway, the canal, and the dock works. Its local trade with ports on the Red Sea is now carried on almost entirely by steamers, which in 1866 were nine in number, of from 150 to 300 horse-power. The navigation of that sea has been made safer than formerly by the erection of lighthouses on some of its most dangerous parts.

ADEN.

A most remarkable instance of commercial change has occurred at Aden. In ancient times this port was one of the depots of Oriental traffic, and the Greeks from Egypt, in the second century before our era, obtained here the bulk of their Indian goods, the trade between it and India being carried on by the Arabians. It held this prominent position until the middle of the first century of our era, when the Greeks, having discovered the way of crossing the Indian Ocean by means of the monsoon winds, began to trade directly with India. Soon after this discovery Aden was captured and destroyed by the Romans, with the evident purpose of fostering and protecting the new line of commerce. On the decline of the Roman power, when the Mohammedans were in possession of Egypt, Aden began to resume its former importance, being again converted into a depot for the exchange of commodities between one class of vessels employed to navigate the Indian Ocean, and a smaller class navigating the Red Sea. It was in this situation in the thirteenth century, and its prosperity continued until the discovery of the Cape route, at the close of the fifteenth century, soon after which it was captured by the Portuguese, and from that time sank into obscurity. When taken possession of by the English, in 1839, it contained only a few hundred inhabitants. In 1842, or less than three years afterwards, the population had increased to nearly 20,000, and since that time to about 30,000. About 2,000 vessels, of 250,000 tons total burden, enter the harbour annually, the imports including about 60,000 tons of coal for the use of the steamers.

SUEZ CANAL.

The trade through the Red Sea and Egypt had thus assumed considerable dimensions and activity when the canal, due to French enterprise, was opened on 17th November, 1869. This work has excited more than ordinary attention, not so much on account of its magnitude as on account of the influence that it may have over the national and commercial interests of the world. It is about one hundred miles in length, uniting the Mediterranean and Red Seas, and of a sufficient width and depth to afford a free passage for sea-going ships. On the Mediterranean, its entrance is at Port Said, a new harbour, constructed as part of the undertaking, about 150 miles eastward of Alexandria. On the Red Sea, its entrance is near the ancient Port of Suez. Its cost has exceeded £16,000,000, and will approach £20,000,000 when finished. Its object is to establish the shortest continuous sea-route between Europe and the East, and it is expected to produce a complete revolution in the mode of conducting the Eastern trade by restoring it to the old channel through the Red Sea.

A freshwater canal had previously been made from the Nile to Suez, near the course of the ancient canal of the Ptolemies, chiefly for the purpose of supplying water to the line of country through which it passes, including Suez and Ismaila, a new town founded, about midway, upon the sea-canal. Extensive dock works were also formed, both at Suez and Port Said; and a line of railway was constructed from Suez by Ismaila, which joined the existing railway to Alexandria, and has since been used for the land transit of mails and passengers, as it avoids the long detour by the older line across the desert from Suez to Cairo.

During the six weeks which elapsed after opening the canal, before the end of the year, twenty-two ships of about 14,000 total tonnage passed through, and Bombay, one of the greatest of the Eastern ports, as well as the most accessible from the Red Sea, was soon after crowded with steamers, sent by this route to bring cargoes to Europe. They not only undertook to effect a great saving in time, but demanded only the same freights as those prevailing for sailing vessels by the Cape, which could, in consequence, obtain cargoes with difficulty, though they reduced their demands one-half. The value of property in sailing-ships was for the time depreciated to an alarming degree, as the Red Sea could not be navigated with advantage by them. The subsequent progress of the traffic through the canal is illustrated by the following figures:—[*]

In 1870	491 ships	436,618 tonnage
„ 1871	761 „	773,009 „
„ 1872 . (three months)...	311 „	332,793 „

The second year shows an increase of fully 50 per cent., and the third year promises to be treble the traffic of the first year, or may approach one and a quarter million tonnage in the year, nearly all in steamers.

Yet, large as the probable traffic this year (1872) may be, it will be but moderate compared with the total Eastern trade. When the canal was opened the total tonnage of the ships annually employed in this trade with Europe and America was about four million tons, besides nearly half a million tons of merchandise passing through Egypt, or four and a half million tons in all. Of this quantity Britain has about three and a quarter millions; Holland and the United States each about a third of a million; and France about a quarter of a million. Britain, including her trade with Australia, having nearly three-fourths, in bulk, of the trade, to the value, in 1868, of about one hundred and twenty millions sterling.

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[*] See appended tables.

About half of the Eastern trade, in bulk, is with India, including Burmah and Ceylon; nearly one-third is with China, and the countries and islands of the Chinese seas, including Japan; and about one-sixth is with Australia, including New Zealand. India, therefore, which is advantageously situated with regard to the canal, possesses the largest part of the existing trade, and seven-eighths of it is with England. With China and the Chinese seas, which hold the next rank, the case is different; here England only possesses about half the trade in bulk, the rest being divided chiefly between Holland and the United States. Of the Australian portion of the trade, England possesses all but one-seventh in bulk, the greater part of that small remaining fraction being American. England, therefore, and India, which is an integral portion of the British Empire, thus possess by far the largest part of the trade, and it is natural that in the various discussions to which the Suez Canal has given rise, its effect upon English trade invariably held a prominent place.

The great maritime route for the commerce between Europe and the East, as is well known, is by the Cape of Good Hope, but even previous to the opening of the Suez Canal the Red Sea had become another and not unimportant commercial route for part of the trade. A third route, which is gradually rising in importance, is across the Pacific Ocean.

The trade by the Pacific follows various courses, either traversing America, or rounding Cape Horn, and consists for the most part of a portion of the trade between Australia and the countries on the Chinese seas on the one hand, and America on the other. As far as the intercourse between Europe and some of those countries in the extreme East is concerned, the advantages of an Eastern course by the Cape and Indian Ocean, or a western course by the Atlantic and Pacific, are pretty evenly balanced. At certain seasons either the one or the other is preferable, and the course of each individual vessel is also influenced by the nature of its trade, though the general tendency is to make the outward voyage by the Cape of Good Hope, and the homeward voyage by Cape Horn. The recent completion of the Pacific railway has improved the means of intercourse by way of the Pacific, and if the two oceans were united by a maritime canal across the Isthmus of Darien it may become one of the main channels for Eastern commerce.

The Red Sea route is considerably shorter than that by the Cape. In the case of England, the saving may be roughly stated thus: to Bombay, about 5,000 miles, or nearly half the distance; to Ceylon and Calcutta, about 3,500 miles, or one-third; and to China, about 3,500 miles, or one-fourth the distance. By the Cape route the time required for the voyage to Bombay or Calcutta is generally from one hundred and ten to one hundred and twenty days for a sailing-vessel, and from fifty to sixty days for a steamer. By the Canal the time required by a steamer may be taken as between thirty and thirty-five days to Bombay, and about forty to Calcutta. With regard to Australia there is no material reduction in the distance. With ports on the Mediterranean the saving is relatively much greater, as they are approached almost direct from the East, instead of by a roundabout course from the West. From Constantinople, for instance, or the entrance to the Black Sea, the Red Sea or Canal route to Bombay is nearly 10,000 miles shorter than that by the Cape; and the saving of distance to China and other places on the Eastern seas is not much less. The saving of distance by the Red Sea is so enormous, that a question may naturally arise, why a larger portion of the trade had not been already turned into that course, even with the disadvantage of the overland transit. With regard to sailing-vessels which have necessarily conveyed the bulk of the trade hitherto, the length of a voyage between two points does not so much depend upon their geographical distance apart, as upon the direction and force of the prevailing winds. An open ocean, such as the Atlantic or Indian Ocean, offers greater facilities for their passage than confined inland seas, such as the Red Sea, or even the Mediterranean. In the case of steamers, on the other hand, the length of a voyage depends mainly upon the geographical distance. Thus it has been calculated that a clipper ship voyaging from England to the Straits of Sunda and back would, on the average, take thirty-one days longer for the total voyage, if it went each way by the Suez Canal, than if it went by the Cape; while a ship using steam as an auxiliary would take the same number of days less by the Canal route. The Red Sea, therefore, is not well suited for sailing vessels. This was foreseen in England, and was one of the reasons why the Canal originally found but little favour as a commercial speculation; for, when the works were begun, the expense of steam navigation was too great to allow it to be extensively used for the purposes of general commerce, and had the same condition of things lasted till the present time the Canal would have been of but little practical utility. It could not have competed with the Cape route for a large proportion of the trade as it now does, and for light and costly goods it would have had a competitor in the existing railway across Egypt.

It is possible that even without the use of steamers the Canal would have caused a certain amount of local trade to spring up between ports on the Mediterranean and Red Seas, and the Indian Ocean; and, for a short period during each year, it might have been used with advantage by sailing-vessels bound on longer voyages, for during three months of each year, from October to January, they can perform the voyage from Calcutta to Suez in thirty days, or only about six days longer time than is usually occupied by steamers, including their necessary stoppages. The distance is 4,757 miles. Again, during the three months of July, August, and September, when northerly winds prevail throughout the whole length of the Red Sea, and during part of which time the S.W. monsoon is at its height on the Indian Ocean, the voyage from Suez to India can be performed by a sailing vessel with almost as much expedition as by a steamer, and at far less expense.* There is therefore a possibility of profitable employment, to some extent, for sailing vessels by the new route when experience has been gained on the subject. Of the 761 vessels (773,009 tons) which passed through the Canal in 1871, only 70 (33,324 tons) were sailing vessels, or about 9 per cent. in number, and 4 per cent. in tonnage. During the first three months of this year, 1872, out of 311 vessels (332,793 tons), only 12 (4,451 tons) have been sailing vessels.

The success of the Canal depends in reality upon the success of steam navigation as applied to general commerce. By employing iron vessels, and building them of better proportions than formerly; by the use of improved machinery, and by using steam as an auxiliary power; their speed and capacity have been increased, while their consumption of fuel has been much reduced, in some instances to less than one-half of its former amount. A material reduction has thus been made in one of the chief sources of expense, both in actual cost of fuel and loss of stowage room for cargo; the large crew of firemen required in ocean steamers is also reduced.

Steam-ships are thus becoming more extensively used every year for the general purposes of trade, and are gradually supplanting sailing ships on all the main lines of commerce. Thus, recently, in the trade between England and Egypt, the tonnage of steam-ships was nearly double that of sailing vessels, being respectively 577,188 and 327,945 tons in 1868; the distance from Liverpool to Alexandria is 3,330 sea miles. In the trade between England and North America the steam-ships were nearly half the total tonnage, being 1,429,333 tons in 1868, against 1,744,658 of sailing vessels; the distances varying from 3,000 to nearly 4,700 miles. With Central and South America the trade by steam-ships is increasing, and there is some trade by them from England direct to the Pacific.† But the largest trade of the East, that with India and

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* The bi-monthly mails from Aden to Bombay were frequently sent by a small sailing vessel during the monsoons previous to 1852.

† These figures are taken from a paper by J. Grantham, M. Inst. C.E., on Ocean Steam Navigation. Minutes of Inst. Civ. Eng., vol. xxix. 1869-1870.

China, and another which is fast growing in importance, that of Australia and New Zealand, were both practically carried on without steam, the steam-ships, for all purposes, by the long sea route, being less than 1½ per cent. of the total tonnage; the lengths of these voyages vary from 11,500 to 14,000 miles. Small as is this percentage, it shows that steamers can compete, to some extent, with sailing vessels, even on the long voyages by the Cape route, and the great reduction in distance by the Canal enables them to enter more largely into the competition. The substitution of a continuous water-route for the previous overland carriage through Egypt will not, in fact, alter the nature of the vessels employed on the Red Sea, except by introducing a class of steamers more suitable for cargo than the mail and passenger ships, and many have now been built in England expressly for this navigation.

It has been stated above that, of a total of about 4,500,000 tonnage of shipping annually employed in the Eastern trade, about one-half is with India, including Burmah and Ceylon. The western coast of India, which is the most readily accessible from the Red Sea, alone possesses one-fourth of the total trade, and the certainty of greatly increasing that proportion with the assistance of the Indian railway system. This system was begun in 1850; about 150 miles were completed in 1853; and the main outline of the plan is now finished, though numerous important branches have yet to be completed.

Bombay, which owes its commercial importance to the excellence of its harbour, generally considered the best in India, is connected with the interior by three main lines of railway, radiating to the north, the north-east, and the south-east. The northern line extends along the coast to Ahmedabad, a distance of 312 miles, traversing a large portion of the province of Guzerat, one of the principal cotton districts. Much of the trade between this province and Bombay is also conveyed by coasting vessels, and for this the regular land and sea breezes afford great facilities. The north-east line extends through a large part of Central India, for 830 miles, to Allahabad, where it joins the railway system of Bengal and the North-West Provinces about midway between Calcutta and Lahore. It traverses the extensive cotton districts of Kandeish and Berar, over which some of its branches are extended; also the Nerbudda valley; and brings the whole of the Ganges valley, the most productive in India, into direct communication with Bombay. The total distance from Bombay to Calcutta, by railway, is now about 1,400 miles. The south-east line extends diagonally across the Peninsula to the opposite coast at Madras, a distance of about 800 miles. These three great lines embrace almost the whole of the Peninsula, and concentrate its outlets at Bombay.

The main line of Bengal and the North-West Provinces extends from

Calcutta in a north-westerly direction to Lahore, a distance of 1,300 miles, with several branches, and is being extended 270 miles farther, to Peshawur, the most northerly point of India. It is joined nearly midway at Allahabad, 570 miles from Calcutta, by the north-east line from Bombay; the north-west districts of India, above Allahabad, are, therefore, at present only about 260 miles farther from that port than from the port of Calcutta.

On the western coast of India, Kurrachee will rank next to Bombay in importance, being the only port for the extensive province of Scinde. It is united with the Indus, at Kotrie, near Hyderabad, by a railway 109 miles in length, and thence there is a river communication by steam vessels for 600 miles to Moultan, which city is connected with the railways of the North-West Provinces at Lahore by another railway 220 miles in length, traversing part of the fertile province of the Punjaub. The general direction of this combined line is north-east from Kurrachee. It is intended to substitute a railway of about 480 miles in length for the present river communication, reducing the total distance from Lahore to the port of Kurrachee to about 810 miles by a continuous railway. The distance from Lahore to Calcutta is 1,300 miles, and to Bombay about 1,560 miles; it is therefore evident that Kurrachee is the most favourably situated port for the European trade with the Punjaub and the northern parts of India. Its trade has been rapidly increasing since the means of transit with the interior have been improved. In 1856-7 fifty-two square-rigged vessels and steamers, of 24,024 total tonnage, visited Kurrachee; in 1867-8, or twelve years afterwards, the number had increased to 170, of 111,648 total tonnage.* In 1843 the trade of the port was almost nominal; in 1865 the imports were four and three quarter millions, and the exports nearly three millions sterling. It is as yet in its infancy, and the improvements in its harbour which have been languidly progressing for several years past, must be completed before it can be considered convenient; but its future prosperity is certain, for besides being the nearest port to the northern provinces of India, it is 205 miles nearer to Suez than Bombay, and during the south-west monsoon this difference is virtually increased to 735 miles in its favour for the westward voyage. It is also the nearest Indian port to the Persian Gulf, which is on the line of the still more direct communication with Europe by the Euphrates valley.

There remains only one other division of the Indian railway system to notice, that of Madras. From Madras there are two main lines: one, to the north-west, extending to Bombay, has been already mentioned; the other, to the south-west, extends across the peninsula to Beypore, a distance of 405 miles, with extensive branches, one of which returns to the eastern coast at Negapatam, 160 miles south of Madras, and due east of Beypore. Madras is thus connected with the western coast of India by two lines terminating respectively at Bombay and at Beypore; but as Beypore does not possess the convenience of either a harbour or a port, an extension of 60 miles southward must shortly be made to Cochin, which possesses a fine harbour close to a convenient roadstead.

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* W. P. Andrews's Letter to Duke of Argyll, 5th June, 1869.

The total length of railways constructed and in progress is 7,482 miles, of which 5,051 miles were finished by June, 1871. The effect which they have already had in developing the trade of British India has been most marked.* The trade of India in 1834-5 was £14,000,000 sterling. During the following twenty years it increased at the average rate of about £1,000,000 sterling, per annum, being £35,000,000 in 1854-5. At this time about 155 miles of railway were open, and they were beginning to be energetically pressed forward. Six years subsequently, or in 1860-1, it was £68,000,000, being an average yearly increase of £5,500,000. During the ensuing five years the trade increased enormously, owing, for the most part, to the civil war in America, amounting in 1865-6 to £123,000,000. It then fell to £86,000,000, but has since resumed its rising tendency, being £98,000,000 in 1867-8, and £104,000,000 in 1868-9. Thus in the fourteen years, from 1854-5 to 1868-9, while the railways were being rapidly extended and brought into use, the trade of India has risen from sixty-eight to one hundred and four millions sterling, or at the average rate of nearly £3,000,000 a year against an annual increase of about £1,000,000 a year previously.

The bearing which this extensive railway system has upon the trade by the Suez canal, is its tendency *to connect the whole of the interior of India with the ports on its western coast*, which are the most readily accessible from Europe by the Red Sea route. It also facilitates an approach into the heart of Central Asia by the routes previously described.† Bombay is by sea nearly 1,800 miles nearer to Suez than Calcutta (the distances are 2.972 and 4,757 miles), while by railway it is only 260 miles more distant from the extensive provinces north and west of Allahabad. It is therefore manifest that for all traffic where speed is essential, Bombay must be the port in preference to Calcutta for the greater part of India, while Kurrachee will eventually have the preference over all other ports for the north-westerly provinces. This view of the case seems to be borne out by what has already occurred, the trade of the Bombay Presidency, which includes Scinde, having increased since the establishment of railways in India, in a greater ratio than that of the other presidencies. Thus in 1844-5, the total trade of

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* This has been noticed by Mr. Andrews in a paper read before the Society of Arts on 11th May, 1870.

† See Explanation of Caravan Routes.

British India was £32,000,000 sterling, and the relative proportions were, Bengal and Burmah 56 per cent., Madras 9 per cent., and Bombay 35 per cent. In 1854-5 the relative proportions did not vary much, being respectively 51, 10, and 39 per cent., the total trade being £35,000,000; but in 1866-7 the proportions were 45, 7, and 48 per cent., the total trade being £86,000,000. The trade of the Bombay Presidency, in other words that of the western coast, had thus risen to nearly one-half of the total trade of British India, instead of its former proportion of a little more than one-third, and has since maintained, if it has not improved, that position. During the exceptional circumstances of the American war, it bore a still higher proportion.

It being thus the case, that the western ports of India already possess half the commerce of that extensive empire, and that the facilities now afforded by the railways have a tendency to divert a preponderance of its trade in that direction; the increased facilities in the commerce with Europe afforded by the Canal, must have the effect of still more rapidly developing the trade of the western coast. It should be observed, however, that this result is not as yet made manifest by the returns of the Suez Canal traffic. In 1871 the number and tonnage of the ships to and from the Bay of Bengal slightly exceeded those of Western India, being 178 (209,319 tons) in the one case, and 154 (178,432 tons) in the other, including government vessels. In the first three months of this year, 1872, the preponderance was, however, greatly in favour of Western India, but this may be accounted for as the Bombay trade is more active during that season of the year than at any other time.

The ultimate effect of bringing this large empire to a comparatively close proximity with the south-eastern extremity of Europe through the Mediterranean and Black Seas, will doubtless lead to a great increase in their intercommunication, and in the development of their resources. But the chief immediate advantage by the improvement in the communication will be gained in Europe by those powers which already possess a direct Eastern trade, and of these, England having the largest trade, so she will benefit the most. Some changes may occur, but they will take time for their development.

A remarkable feature in many of the notices and discussions regarding this canal, was a fear, more or less strongly expressed, that it would prove detrimental to England, chiefly by transferring the carrying trade of the East to other nations. The reason why England held a prominent place in these discussions has been already stated, she has about three-fourths of the Eastern trade, the remaining one-fourth being distributed among several powers, of which Holland, America, and France possess the largest and about equal shares. The apprehension seemed to be based upon the fact, that if the Canal became the main channel for the trade, the countries bordering on the Mediterranean would be more advantageously situated than England; it was therefore supposed that they would not only be able to supply themselves direct with Eastern goods, but also to transmit them to other parts of Europe, England included. This argument may apply in a limited degree, or to certain branches of trade, but geographical position has in the main little or nothing to do with the question. Spain, Portugal, and France are each in as good, or even a better geographical situation than England, for becoming the carriers of the trade by the Cape route; but the direct trade of Spain and Portugal is little more than nominal, and with regard to that of France, although great efforts have been made for some years past to increase it, they have been only partially successful; her trade is still comparatively insignificant, and has not had the slightest detrimental effect upon that of England. No country could be better situated for the purpose geographically, than Egypt, but its maritime commerce has always been carried on by foreign nations.

The Mediterranean countries are now in no better position to displace the English in the Eastern trade, than they have hitherto been to displace them in the trade with Egypt: but so far from this being the case, the English trade with Egypt has been for many years past, and is still, increasing. In 1854 the total was £4,723,176; in 1868 it had risen to £23,748,269, employing 911,315 tons of shipping, having thus quintupled its extent in the space of fourteen years. It is true that this includes the transit trade through Egypt, between England and the East, but that fact does not much diminish the force of the illustration. Some of the Mediterranean countries of Europe have a not inconsiderable trade with Egypt, but their total does not amount to one-half that of England, alone, and they have created it, without apparently injuring the interests of England in the slightest degree.

Another fact bearing on this question is, that although there is a large exportation of foreign and colonial produce from England to other countries of Europe, about half of which may consist of Eastern produce, the exportations of this nature to the Mediterranean or Black Sea ports are very small. The bulk of this trade enters Europe by the North, and as far as the northern countries of Europe are concerned, it may still be cheaper to send these goods round by sea, than overland across Europe. Soon after the Canal was opened there were indications that it would afford examples in illustration of the preference which commerce has for a water-route, over one by land. One of these examples was mentioned by Mr. Hyde Clarke, in a discussion on the subject of the Suez Canal, by the Society of Arts (March 11, 1870), that since the opening of the Canal, European goods had not been received at Aleppo in the same quantity as before, to be carried by caravan to

Bagdad; and the inference drawn from this was, that a portion of the trade between Constantinople and Bagdad is being diverted from its former land course by Iscanderoon and Aleppo, to a continuous sea-route through the Canal to the Persian Gulf.

England owes her present predominance in the trade to various causes, among which, the large extent of her Eastern possessions and her pre-eminence as a manufacturing country, are perhaps the chief. The latter enables her to supply her Eastern possessions from her own resources, with the articles they require, in exchange for their productions, even so far as to return to them their raw cotton in a manufactured state. Any other European power which attains to the same position will be able to compete with her in the trade, which has long been free from any artificial restrictions, and if in a better geographical situation, will do so with a certain amount of advantage. On the Chinese seas, including the islands on the eastern skirt of the Indian Ocean, Holland holds the next position to England, and this is doubtless owing to the same causes, her possessions in Java, Sumatra, and the Moluccas being extensive. Spain, on the other hand, which possesses the Philippines, holds only an obscure position. The benefit of a large increase in the trade will, however, not be confined to Europe alone, it must act in a much greater degree upon the Eastern countries concerned in it, indirectly benefiting those European powers holding possessions in that quarter of the world, among which England is the chief.

The United States, though without Eastern possessions, have obtained a high position in the trade from their commercial activity and naval superiority. In this latter respect America has been a formidable rival to England, and may become so again. This is so clearly described by Mr. Grantham* that his words are here quoted entire:—"It will be recollected that previous to the development of steam-ships, the preponderance of shipping was falling rapidly into the hands of American ship-owners. Thirty years ago one of the great objects of interest at the docks in Liverpool was the American sailing-packets, and it was considered that a stranger had missed one of the lions of the port who had not visited these celebrated ships. The same prestige was felt everywhere; on the Atlantic and Pacific Oceans, in India, China, and in all the best trades, American ships were most in demand. The navigation laws of that day, indeed, offered some limit to this aggressive course, and when these laws were to be relaxed, the alarm of British ship-owners was general, and apparently well grounded; but a remarkable change in the relative position of the two countries is now witnessed. The probability of this was long foreseen by those who were practically acquainted with the question: for exactly in proportion to the progress of ocean steam navigation, especially when iron was to be the material for building ships, so would England re-assert her supremacy. The expectations are now shown to be more than realised, and a cry of alarm is raised in America at the evident decadence of the shipping interest of that country; and this is still more remarkable considering the patriotic and costly efforts made by the American Government to establish ocean steam companies direct with Europe. At this time, when the carrying trades between the continents of Europe and America are fast being transferred to steam-vessels, not one American steamer is to be seen, and not an ocean steamer of any kind, it is stated, is on the stocks in the ports of North America." England, from her superiority in the class of steam-vessels, must thus obtain a footing at the outset from which it will be difficult to displace her. English vessels, as might be expected, use the Canal to a far greater extent than those of any other nation, as may be seen in the following table of the proportionate tonnage of the vessels of different nations which have passed through.*

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* Paper on Ocean Steam Navigation, as above.

	1870.	1871.	1872, 3 months.
English ships	67 per cent.	71 per cent.	77 per cent.
French ,,	19 ,,	11 ,,	9 ,,
Austrian ,,	5 ,,	6 ,,	6 ,,
Italian ,,	1 ,,	4 ,,	3 ,,
Turkish ,,	2 ,,	2 ,,	1 ,,
Egyptian ,,	5 ,,	2 ,,	1 ,,
Other nations ,,	1 ,,	4 ,,	3 ,,

The "other nations" include a few German, Russian, Dutch, Belgian, Spanish, Portuguese, and American ships, and a few other solitary vessels.

An extensive change is not likely to take place suddenly. The trade has not only to be diverted into a comparatively new course, but also into another class of vessels, which have to contend against the necessarily heavy canal dues, and the scarcity of coal at most of the chief Eastern ports.

Two sets of tables are appended. One set, showing the total number and tonnage of the ships of different nations which have passed through the Canal since the beginning of 1870, is taken by permission, in a modified form, from Messrs. C. and A. Bazin's summaries of the Suez Canal traffic. They have already been referred to. The other set is compiled from the same returns, and is intended to show the extent to which the Canal is used by the commerce of different nations.

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* See also the appended tables.

Of the European countries, the United Kingdom holds the first place, more than two-thirds of the tonnage in 1871 being with its ports, but this does not include a considerable traffic which still passes overland in connection with the mail service through Egypt: whereas the overland trade of France, and that which was formerly connected with Austria and Italy, now use the Canal to a considerable extent. The prominent position which Constantinople holds in the return, is principally owing to political events at Jiddah, and is therefore temporary. The commerce also which seems to exist between Egypt and the ports beyond the Red Sea, is to some extent fallacious. Of the Eastern countries, the ports of the Bay of Bengal, chiefly Calcutta, hold the first place; China is second, and Western India, almost entirely Bombay, is third. These three divisions include about three-fourths of the tonnage in 1871. The trade with the Red Sea ports, among which Suez and Ismalia are included, is, as stated above, exceptionally large; a large proportion of it consists of coal, and the conveyance of pilgrims. The local Red Sea trade has of late years been carried on by an Egyptian steam navigation company trading from Suez, principally with Jiddah. The trade is but small, and goods imported into Suez are generally forwarded to Cairo by caravan, the railway being considered too costly a means of conveyance.

The probable effects of the Suez Canal may be thus summarised. It will cause a large extension of ocean steam navigation; the introduction of which for the heavy merchandise of the Eastern trade, will give a rapidity and regularity to its transit which has only been partially experienced as yet, and must render commercial operations more certain and greatly extend them. This will be accompanied by an increased intercourse, and will lead to a corresponding development in the productive resources of the countries concerned. India, as being the most accessible of the Eastern countries, and offering the largest field for development, will benefit the most, but the influence will ultimately extend over all the Eastern seas, merely requiring time for its full development. Egypt must also benefit largely in many ways by the great influx of trade through its territories.

What effect the Canal may have in opening new markets on the Mediterranean and Black Seas, must remain to be seen. Some of the countries on those seas have already shown a readiness, though in a very limited degree as yet, to avail themselves of the new route, and all the ports on those seas are placed in an advantageous situation, as compared with their former position. In place of the extensive and costly operations formerly required by any European power, to place a steam fleet on the Eastern seas, single steamers can now make the voyage at a moderate risk, and may be the pioneers, not only to open a trade with their own ports, but to restore some of the almost forgotten ports on the eastern coast of Africa.

The success of the new route will depend in a great degree upon the care exercised in keeping the Canal dues as low as possible. There can now be no doubt that a sufficient revenue will be obtained to maintain the channel in a perfect state, and that being the case there is no fear that the Canal will become closed, however formidable may be the obstacles to keeping it open. The prospect of obtaining a fair return for the capital expended is another question, which it may be hoped will be soon satisfactorily settled, as the traffic is rapidly increasing.

The construction of this canal cannot be considered as the last step towards perfecting the communication between the East and the West; already two telegraph lines have been laid, connecting England and the whole of Europe with India, one overland, the other submarine; and the annually increasing intercourse between the two regions must, from the various causes now in operation, become more rapid in future, and require a still more expeditious means of communication. The Euphrates Valley Railway will supply this want, and must be undertaken at no very distant period when political difficulties are removed. Its construction would benefit rather than injure the interests connected with the Suez Canal.

SUEZ CANAL TRAFFIC.

Summary, giving the number, tonnage, and nationality of the vessels which passed through the Canal in the year 1870.
Condensed from the Summary in C. and A. Bazin's Returns, by permission.

Month.	Number of Ships.			British.		French.		Austrian.		Italian.		Turkish and Ottoman.		Egyptian.		Russian.		Greek and Zanzibar.		Dutch.		Portuguese and Spanish.		American.		Danish.		Tonnage.		
	Mercantile.	Govt. and Yachts.	Total.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	Mercantile.	Govt. and Yachts.	Total.
Jan. ...	14	2	16	12	7,419	3	2,415	...	...	...	...	1	224	...	...	...	...	...	...	...	...	...	...	...	...	...	...	9,494	564	10,058
Feb. ...	20	5	25	13	11,344	4	1,383	2	831	...	...	1	342	4	2,337	...	...	...	...	...	...	1	350	...	...	...	...	13,401	3,186	16,587
March ..	39	8	47	34	30,098	5	4,872	2	1,676	1	340	...	...	5	2,989	...	...	...	...	...	...	...	...	...	...	...	...	35,050	4,025	39,075
April ..	40	...	40	24	19,774	6	5,419	2	1,586	...	...	1	1,127	5	4,432	1	500	...	...	...	...	1	150	...	...	...	...	32,988	...	32,988
May ...	40	4	44	30	30,527	9	7,854	1	893	3	1,517	1	1,127	...	...	...	...	...	...	...	...	...	...	...	...	...	...	38,577	3,341	41,918
June ..	43	8	51	34	29,453	8	10,352	2	1,476	2	1,471	1	342	3	1,788	...	...	...	...	...	...	1	432	...	...	...	...	39,138	6,176	45,314
July ..	40	...	40	24	23,920	7	7,196	2	1,466	...	...	...	...	5	3,104	...	...	1	881	...	...	...	...	...	...	1	660	37,227	...	37,227
August .	42	...	42	27	26,951	8	9,094	1	738	...	...	...	...	3	1,963	...	...	1	48	1	163	...	...	1	306	...	...	39,263	...	39,263
Sept. ..	32	...	32	22	24,387	8	9,806	1	733	1	806	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	35,732	...	35,732
Oct. ..	38	1	39	30	29,106	7	10,133	1	684	...	...	...	...	...	...	...	...	...	...	...	...	1	371	...	...	...	...	40,219	75	40,294
Nov. ..	40	2	42	30	25,705	5	6,885	5	3,693	1	763	...	...	1	850	...	...	...	...	...	...	...	...	...	...	...	...	35,163	2,733	37,896
Dec. ..	59	14	73	39	32,470	5	7,770	7	6,101	1	508	13	7,381	6	3,999	..	...	...	...	1	150	1	987	...	...	...	...	50,124	9,242	59,366
Total ...	447	44	491	319	291,154	75	83,179	26	19,877	9	5,405	18	10,543	32	21,462	1	500	2	929	2	313	5	2,290	1	306	1	660	407,276	29,342	436,618
Mercantile				307	283,492	69	75,758	26	19,877	7	4,725	18	10,543	17	12,462	1	500	2	929	1	163	4	1,858	1	306	1	660	...	...	...
Govt. and Yachts...				12	7,662	6	7,421	...	...	2	680	...	...	15	9,000	...	...	...	...	1	150	1	432	...	...	...	..	...	...	...

SUEZ CANAL TRAFFIC.

***Summary**, giving the number, tonnage, and nationality of the vessels which passed through the Canal in the year 1871.*
Condensed from the Summary in C. and A. Bazin's Returns, by permission.

Month.	Number of Ships.			British.		French.		Austrian.		Italian.		Turkish.		Egyptian.		Russian.		German and Prussian.		Dutch and Belgian.		Portuguese and Spanish.		American.		Danish, Norwegian, Burmanian.		Tonnage.		
	Mercantile.	Govt. and Yachts.	Total.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	Mercantile.	Govt. and Yachts.	Total
Jan. ...	67	7	74	40	36,582	7	6,291	14	9,084	3	2,205	4	2,872	3	4,650	...	...	...	...	1	1,100	1	782	1	1,664	...	...	62,317	2,913	65,
Feb. ...	63	6	69	48	45,821	5	7,364	4	2,931	4	2,056	5	3,482	2	1,862	1	322	...	...	...	...	...	...	...	...	...	...	59,340	4,508	63,
March .	67	2	69	47	52,537	4	5,717	5	3,884	3	2,334	3	2,596	3	2,100	2	2,249	...	...	1	1,100	...	...	1	2,096	...	...	70,897	3,716	74,
April ...	50	5	55	38	41,661	4	6,470	3	1,844	2	1,571	2	1,170	5	2,082	1	1,052	...	...	...	...	...	...	...	...	...	...	51,346	4,504	55,
May ...	44	5	49	39	39,353	4	6,135	3	2,454	2	1,570	1	524	...	...	...	...	...	...	...	...	...	...	...	...	...	...	43,767	6,269	50,
June ...	41	3	44	25	26,565	4	5,315	5	3,110	6	4,056	2	1,128	...	...	...	...	...	...	1	1,100	1	615	...	...	...	...	39,192	2,693	41,
July ...	60	2	62	38	42,619	6	7,373	7	3,653	8	4,371	2	428	...	...	...	...	1	637	...	...	...	...	...	...	...	...	57,855	1,226	59,
August .	56	4	60	41	47,971	5	8,649	5	2,557	3	2,162	4	1,207	..	...	1	1,197	...	...	1	1,627	...	...	...	...	...	...	60,913	4,457	65,
Sept. ..	54	1	55	35	38,245	5	6,563	4	1,640	4	2,586	3	1,933	2	679	...	...	...	...	1	1,100	1	615	...	...	...	...	53,021	340	53,
Oct. ...	71	9	80	51	64,979	8	10,066	5	3,883	5	2,498	2	752	4	1,521	...	...	1	230	2	1,547	2	1,061	...	...	...	...	69,113	17,424	86,
Nov. ...	55	9	64	44	53,126	9	12,766	5	3,268	2	1,389	...	...	1	500	...	...	2	824	1	1,627	...	...	...	...	...	...	61,134	12,366	73,
Dec. ..	72	8	80	50	58,762	6	9,132	7	4,805	4	2,596	2	867	...	...	...	...	4	1,829	1	1,910	2	1,003	1	410	3	2,384	69,907	13,791	83,
Total ...	700	61	761	496	548,221	67	91,841	67	43,113	46	29,400	30	16,959	20	13,394	5	4,820	8	3,520	9	11,111	7	4,076	3	4,170	3	2,384	698,802	74,207	773,
Mercantile				469	506,397	45	65,959	65	41,552	45	28,585	27	15,707	19	12,832	4	4,498	8	3,520	9	11,111	5	3,157	2	3,760	2	1,724			
Govt. and Yachts...				27	41,824	22	25,882	2	1,561	1	815	3	1,252	1	562	1	322	...	...	...	...	2	919	1	410	1	660			

SUEZ CANAL TRAFFIC IN 1871.

Table showing the number and tonnage of all the mercantile ships which have passed through the Canal in 1871, between the ports of different European and Eastern countries.

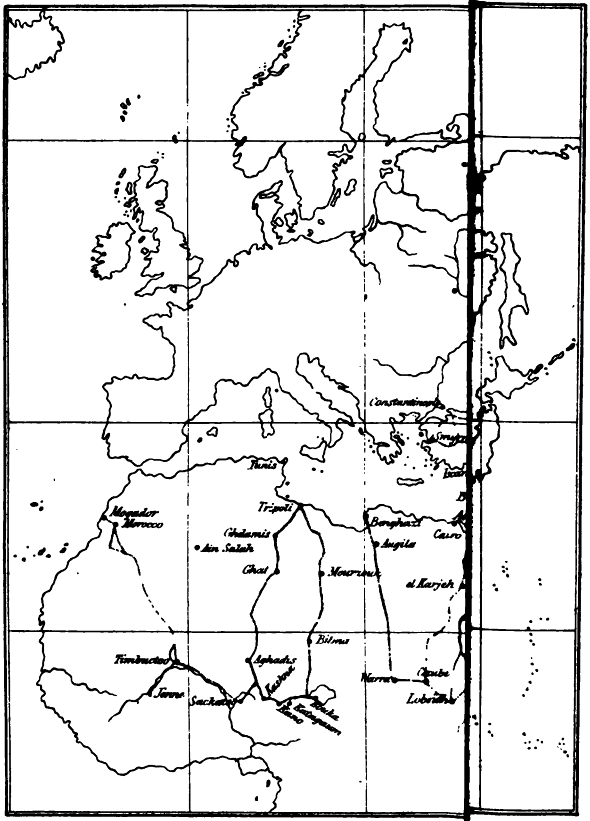
Compiled from C. and A. Bazin's Returns.

	Red Sea.		East Africa.		Persian Gulf.		Western India.		Ceylon.		Bay of Bengal.		Straits Settlements and Batavia.		China Sea.		China.		Japan.		Total.	
	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage	No. of Ships.	Tonnage.
United Kingdom ...	42	23,717	2	1686	4	2,960	83	91,837	17	17,142	164	195,234	37	37,604	4	1,680	86	109,564	3	2,883	442	484,307
France	1	435	...	...	1	765	...	...	...	...	4	4,310	1	617	7	10,528	30	50,839	...	...	44	67,494
Austria	3	1,059	...	...	...	...	20	16,368	...	...	1	819	...	...	1	732	...	...	...	...	25	18,978
Italy	...	...	...	...	...	...	25	19,616	...	...	5	3,547	...	...	...	...	...	...	...	...	30	23,163
Constantinople, &c.	60	39,787	...	...	1	780	...	...	...	...	...	...	...	...	...	...	...	...	...	...	61	40,567
Egypt....................	65	28,912	...	...	1	1,113	5	6,386	...	...	3	4,189	1	559	...	...	...	...	1	689	76	41,848
S. Russia and Black Sea.........	3	1,650	...	...	...	...	2	2,104	...	...	...	...	...	...	2	2,393	...	...	...	...	7	6,148
Germany	...	...	...	...	...	...	1	696	...	...	1	1,220	1	637	...	...	...	...	...	...	3	2,553
Holland	...	...	...	...	...	...	...	...	...	...	...	...	3	5,164	...	...	...	...	...	...	3	5,164
Spain and Portugal	...	...	1	230	...	...	1	1,397	...	...	...	...	...	...	4	2,627	...	...	...	...	6	4,254
America	...	...	...	...	...	...	...	...	...	...	...	...	...	...	2	2,662	1	1,664	...	...	3	4,326
Total	174	95,560	3	1916	7	5,618	137	138,404	17	17,142	178	209,319	43	44,581	20	20,623	117	162,067	4	3,572	700	698,802

SUEZ CANAL TRAFFIC FOR THE FIRST THREE MONTHS OF 1872.

Table showing the number and tonnage of all the mercantile ships which have passed through the Canal during the first three months of 1872 *between the ports of different European and Eastern countries. Compiled from C. and A. Bazin's Returns.*

	Red Sea.		East Africa.		Persian Gulf.		Western India.		Ceylon.		Bay of Bengal.		Straits Settlements.		China Sea.		China.		Japan.		Total.	
	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.	No. of Ships.	Tonnage.
United Kingdom ...	16	10,109	1	714	3	2,379	76	86,096	[illegible]	6,059	53	67,826	14	14,263	1	530	19	26,800	...	...	188	215,676
France	1	1,476	...	...	...	...	...	...	...	...	2	1,251	...	...	...	...	13	22,615	...	...	16	25,342
Austria........	...	...		...	...	...	6	5,747	...	...	3	2,736	...	...	...	...	...	...	...	...	9	8,483
Italy	1	381	...	...	...	...	11	8,447	...	...	3	2,196	...	...	...	...	...	...	...	...	15	11,024
Constantinople, &c.	14	10,772	...	...	2	1,893	...	...	...	...	...	...	...	...	...	...	...	...	...	...	16	12,665
Egypt	23	9,280	...	...	...	...	5	3,732	1	711	6	4,830	...	...	...	...	1	726	...	...	36	19,279
South Russia and Black Sea	2	2,033	...	...	...	...	3	2,411	...	...	...	...	...	...	...	...	...	...	...	...	5	4,444
Germany........	...	...	...	...	...	...	...	...	1	851	...	...	...	...	...	...	...	...	...	...	1	851
Holland	...	...	...	...	...	...	...	...	...	...	1	1,350	1	1,627	...	...	...	...	...	...	2	2,077
Spain and Portugal	...	...	...	...	...	...	1	1,011	...	...	...	...	...	...	...	...	...	...	...	...	1	1,011
Total	57	34,051	1	714	5	4,272	102	108,344	7	7,621	68	80,189	15	15,890	1	530	33	50,141			289	301,752


Constantinople
Smyrna
Tunis
Tripoli
Benghazi
Cairo
Mogador
Morocco
Ghadamis
Ain Salah
Ghat
Mourzuk
Augila
el Karjeh
Bilma
Timbuctoo
Aghadis
Katsena
Jenne
Sackatoo
Kano
Katagum
Kouka
Warra
Cobbe
Lobeidh

EXPLANATION OF THE MAP

OF THE

PRINCIPAL CARAVAN AND OTHER ROUTES OF MODERN COMMERCE.*

THE modern routes are described and numbered as follows :—

THE ASIATIC.

1. Northern route between China and Russia, with several branches.
2. Route between China and Turkestan, extending into Russia, with several branches.
3. Routes between India and Central Asia.
4. Routes through Turkey in Asia and Persia.

THE ARABIAN
AND
THE AFRICAN.

Many important changes have occurred within our era in the course followed by the trade between Europe and the East. There has been especially, after three and a half centuries of stagnation, a gradual restoration of commercial activity to the RED SEA, beginning with the "Overland Mail" service, and there is every probability of an increased development by means of the SUEZ CANAL and the Indian railway system.

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* This Map of the principal Caravan and other Routes of Modern Commerce forms a pendent to that of the Ancient Routes (see Part II., Vol. iii.), several of which are still used, though the traffic upon them is, of course, much altered, both in nature and extent.

Historical notices of these, and some statistics of the traffic which has passed through the canal, will be found in the Appendix; and to them attention is further particularly invited, for results of the most careful inquiry as to the prospective influence of the new routes and their railway feeders on British commerce. See Appendix, p. .

The longest commercial land routes of the present day are those *between China and Russia;* one of them, extending northward into Russia, is used principally for the conveyance of tea; another stretches westward into Turkestan.

THE ASIATIC.

1. *The Northern Route.*

The chief depôt in China is Shangai, to which the tea is conveyed from the site of growth by land, by river, and by the coasting trade, and is sent thence by small vessels to Tien-tsin, and up the Barboe stream to Tien-shai, near Pekin. Here the journey by camels begins; passing by Kalgan at the Wall, the road traverses the Tchakar and Western Souniot, and enters the country of the Khalkas by the kingdom of Mourguevan. It then crosses the great desert of Gobi in a northerly direction to Oorga, on the river Toula, a distance of five or six hundred miles, and proceeds onward fully two hundred miles farther to Kiachta. From Kiachta the winter route, from mid-January to mid-April, is by Selenginsk and Verkne Udinsk, across Lake Baikal, over the ice to Irkutsk; the summer path is round the western end of the lake. From Irkutsk a road branches north-east to Yakutsk. The route from Irkutsk to Moscow is by Tomsk, wnere the tea sent in February is detained until May. Thence to Tiumen the chief course is by water, by the rivers Tom, Ob, Irtisch, and Tara. Of the land-tracks, one is nearly direct across the steppe by Omsk to Tiumen, with branches to Tobolsk. A circuitous route, used sometimes to avoid the steppe, is by Barnaol to the Irtisch River, which is then followed to Omsk. On leaving Tiumen the Ural Mountains are crossed to Perm. The traffic is thence carried on by vessels down the Kama River to the Volga at Kazan, and up the Volga to Nijni Novgorod, which is connected with Moscow by railway. The total distance from Kiachta to Moscow is 4,450 miles, and occupies nearly six months. From the tea-growing districts in China to Moscow is nearly 8,000 miles. Some of the crop is disposed of at Irkutsk; part is sent to the fair at Irbit, near Tiumen, where purchases are made for Western Russia, Perm, Kazan, Archangel, Orenburg, Viatka, and Vologda. The opening of the Suez Canal may affect the trade on this route by shortening the sea voyage between China and the Black Sea ports which are connected with the interior of Russia by railways.

2. *The Route from China to Turkestan,*

Through Yarkand, which was, until 1866, the principal Chinese *entrepôt* with Western Asia. It may be considered as almost identical with the ancient China route. Starting from Pekin, the course to Kalgan is the same as that through Kiachta, already described; branching thence, it passes by Kou-kou to the Hoang-ho, and follows the general course of that river by Ning-Sia to Hun-Chanfoo, the converging point for all the roads from the interior of China; and thence to Lian-Djeu, about twenty-five miles from the western end of the Great Wall, and near the ancient So-tcheu. It then crosses the great and waterless desert of Gobi, a distance of nearly 500 miles, along which stations have been established by the Chinese, to Khamil (or Hami), and, after sending off a northerly branch to Dzungaria, it passes through a level and inhabited country, skirting the southern base of the Thian-Shau range of mountains, by Pidjan, Turfan, where it again branches, Kara Shahr and Kushi to Aksu, nearly 2,550 miles from Pekin, and nearly five months' journey. Aksu is a point of divergence for the roads to Ili and to all the towns of Eastern Turkestan, and they all lie through populous and fertile regions. The route to Yarkand is south-west 247 miles. At the one hundred and ninety-second mile is Burchuk, from which is a direct road to Kashgar, 159 miles, always used by trading caravans.

The principal branches from this are—

1. From Khamil northward, and along the eastern lateral depression of the Thian-Shau Mountains, through Barkul, Urumchi, and Hurkharasu to Ili (Kuldja).

2. A short but difficult route from Turfan to Urumchi by Bogdo-ulo.

3. From Aksu to Ili (Kuldja), 407 miles, through mountains. The Djeparlé, or Pass of Glaciers, is on this route. It is practicable for

camels, but is difficult, and is the only one through the Muzart Mountains.

4. From Aksu, a high road for 80 miles west to Ush Turfan, whence a route continues to Kashgar, 233 miles.

5. From Aksu southward along the course of the Khotan Daria to Khotan, eighteen days for a caravan. There is a communication with Yarkand from Khotan, and also through unknown regions in the direction of Lahsa; lately, attempts have been made to turn the trade from Ladak, which has hitherto gone to Yarkand by the Karakorum Pass, over an easier pass to Khotan.

Yarkand, which is the depôt for all Central Asia, is encircled on the north, west, and south by continuous mountain-ranges, over which there are at present only three principal commercial passes, namely, the Kashgar defile to Turkestan, the Badakshan Pass to Affghanistan, and the Karakorum Pass to Ladak and India; but between Aksu and the Bolor Mountains, the Syrt and Pamir table-lands offer facilities, which are used to some extent, for crossing the range. The chief commercial route into Yarkand is from Aksu, mentioned above. From Yarkand a minor route proceeds over the Karakorum Pass to Leh, whence several others branch into India, the two principal being by Cashmere and by Lahoul to Umritsar, where the railway system of India is reached. Camels have reached Leh from Yarkand, but the traffic is carried on by horses and *yâks*. On the Indian side, until lately, some of the passes were too difficult for beasts of burden; and, in some instances, goats were employed to convey goods in light parcels.

Another minor route extends south-west from Yarkand, and through an unknown mountain region to Badakshan, thence down the valley of the Amoo (ancient Oxus), or one of its branches, by Koondooz and Khooloom to Balkh, and on to Bokhara, crossing the Amoo at Kilif. The journey from Yarkand to Bokhara by this route occupies sixty-five days. It was anciently a very important commercial line, and it has several branches through mountain-passes, none of which are of much importance at the present time. The principal is perhaps that by Bamian from Khooloom to Cabul, extending to India through the Khyber Pass.

The chief and the best existing route from Yarkand to Bokhara proceeds to Kashgar, 170 miles, and through the Kashgar defile, 270 miles to Kokan. Thence a good cart road extends by Khojend to Tashkend, branching to Samarcand, and on to Bokhara. The total journey occupies forty-five days.

Bokhara has assumed the position once held by Samarcand as the chief city in this region. Five principal routes extend from it into Russia:—

1. By Khiva to Mangyshlak on the Caspian, thence by sea to Astrakhan, being thirty days' travel and voyage altogether. Forty years ago this used to be the safest and most convenient route, and a great caravan annually left Bokhara by it, in the month of June, a part proceeding to Astrakhan by land, round the northern end of the Caspian. Of late years it has become disused, owing to want of water, and to plunderers.

2. By Khiva, along the western shore of the Aral Sea, and in a direct line to Orenburg, a sixty days' journey from Bokhara. Like the first, and for the same reasons, this route is now unfrequented.

3. The most frequented, at the present time, extends northward from Bokhara, for about 400 miles, across a desert region to the Yoni Daria River, and 150 miles farther to Fort Aralsk on the Syr River (ancient Jaxartes), near its mouth. Thence there are about 540 miles of safe road for vehicles, in almost a direct line to Orsk by Irgiz, being along part of a great military road made by the Russians. There are forty stages between Bokhara and Orsk, which is 168 miles from Orenburg. The total distance from Bokhara to Orenburg is about 1,275 miles; thence the route extends westward till it joins the Russian railway system, which is now being extended to Orenburg.

The Russian military road, just alluded to, extends from Orsk by Irgiz to the Syr River, and follows the course of that river by Fort Perovski, Turkestan, Shimkend, and Tashkend to Khojend. From Shimkend it branches easterly to Tokmak, and then curves past the eastern end of Lake Balkhash northward to Semipolatinsk.

4. By Tashkend, along the military road to Fort Perovski, then northward by Turgai to Troitska. There are forty stages on this route, and good pasture is found throughout its whole extent. A branch unites Irgiz and Turgai.

5. Diverges from the last over a pass, and turns to the north, along the Sary Su River, over the Sook-Bash-tou Mountains, and along the

course of the Hura River to Akmolinsk. Thence in a direct line to Petropaulovsk. It is passable, throughout its whole extent, for vehicles, and wells are to be found along it, though it lies across a barren steppe.

3. *Routes between India and Central Asia.*

The Indian railway system, in immediate connection with these routes, is continuous up the Ganges valley, from Calcutta to Lahore, and is being extended to Peshawur. A line on the Indus valley, from Kurrachee, reaches to the Indus; a steam flotilla, for which a railway will soon be substituted, goes up the river to Moultan; and there is a line from Moultan to Lahore. Other railways intersect the whole of the Peninsula.

There are only three routes of sufficient importance to be noticed, namely, through Ladak to Yarkand; through the Khyber Pass to Cabul and Turkestan; and through the Bolan Pass to Kandahar and Persia. They are all of a very mountainous character, and the traffic upon the first-named is insignificant.

The Khyber Pass has been the chief entrance to India from the earliest times. The route through it ranges by Cabul, and by one or more of the various difficult passes through the Hindu Koosh to Balkh, the ancient Bactra, the principal being that by Bamian.

A branch route, extending from Cabul to Kandahar, is on another old line of commerce.

The route through the Bolan Pass extends from Shikarpore in Scind, to Kandahar, with a branch to Kelat. From Kandahar it extends by a circuitous course to Herat, being a further section of one of the former great trade routes of Central Asia. Beyond Herat, and across Persia, to the westward, are many routes, the chief leading through Meshed, Yezd, and Kerman, but none of them are now sufficiently important channels of trade to be noticed more particularly, and they are therefore omitted from the map.

4. *Routes through Turkey in Asia and Persia.*

These routes are used almost exclusively for local trade. The two chief ports on the Persian Gulf are Bussora for the Euphrates valley, and Bushire for Persia. Steamers have plied between these ports and Kurrachee since 1867. Both the Euphrates and the Tigris are navigated, the former, at least, as far as Aleppo, the latter to Mosul, and a line of steamers was established between Bussora and Bagdad in 1862.

From Bussora, the first great centre is Bagdad. The land route lies parallel with the Euphrates to Killah (on the site of Babylon), and thence across to Bagdad. There is also a direct route parallel with the Euphrates to Aleppo, 718 miles, with a branch to Damascus through Palmyra.

From Bagdad there are three main routes, namely, one to the eastward, of little importance now, to Hamadan. It corresponds with one of the great commercial lines through Central Asia, of ancient and mediæval times. Another route passes eastward of the Tigris, through Kirkook and Arbela, to Mosul. The third is direct to Aleppo, crossing the Euphrates at Hit, which is a centre for caravans from Damascus, Aleppo, and Constantinople.

From Aleppo there are three main routes: first, to Damascus and the port of Beirut. Second, to Iskanderoon (Alexandretta), sixty-eight miles, or six days by caravan, through Antakia (Antioch). It extends through Asia Minor to Constantinople, crossing the Taurus by the ancient "Cilician Gates," and by Koniych and Afium Kara Hissar to Scutari, being part of the ancient route from Constantinople to China. A caravan takes forty days from Damascus to Constantinople by this route. Third, to Mosul by Orfa, Severek, Diarbekir on the Tigris, and then westward of the river by Mardin and Nisibin.

From Afium Kara Hissar, on the Constantinople track, there is a branch by Allah Shehr to Smyrna, from which port a railway extends southward, seventy miles to Aidin, and a road runs north-eastward towards Constantinople.

From Diarbekir, on the Aleppo and Mosul line, are two routes. First, by Mush and Erzeroum to Trebizond, used by caravans from Aleppo. Second, by Malatiya and Sivas to Tokat, on the road from Erzeroum to Constantinople. Caravans from Mosul sometimes follow this course to Constantinople.

Erzeroum is a centre for merchandise sent to Constantinople from Persia, Circassia, Georgia, and Bagdad, *viâ* Mosul. The most direct way from Mosul is eastward of the Tigris, by Sert and Bedlis. The route to Constantinople is by Tokat, where the one from Diarbekir joins, and by Amasia, Toscia, Boli, and Ismet to Scutari, opposite

Constantinople, with a few branches. Some minor routes converge on Erzeroum; the chief of them is from Erivan, on the track from Tiflis to Tabreez.

Tiflis lies at the intersection of two roads, which have anciently been considerable highways of commerce. The first is from Baku, on the Caspian, to Poti, on the Black Sea, and for many centuries the route which connected the commerce of the Oxus River with the Black Sea. A railway is now made along part of this course. From Baku a road extends northward along the coast of the Caspian. The other route extends from Teheran by Tabreez and Erivan to Tiflis, and through the Terek Pass into Circassia, by Yekaterinodgrade and Stavropole.

Of the Persian routes, one only is of sufficient importance to be noticed. It extends from Bushire by Kasroom to Shiraz, thence by Ispahan, Kashan, and Koom to Teheran, a total length of 600 miles from Bushire, and terminates at Reshd, on the Caspian Sea. Though difficult in places, it has been an important line of communication, and is likely to rise again in connection with the navigation of the Caspian Sea.

The great India and China route, which extended from the vicinity of Teheran to Meshed, Herat, and Balkh, is now abandoned except for local trade.

ARABIAN ROUTES.

No commercial routes of any magnitude now traverse Arabia; the most important are those used for the annual pilgrimages to Mecca, towards which point they all converge from many widely different places: from Muskat, El Katif, Bussora, Bagdad, and Damascus; from the ports of Makulla, Aden, and Mocha in the south, and from Egypt to the north-west. One of the most frequented is the short route between Mecca and Jiddah, between which port and Suez there is a considerable traffic by steamers. A direct trade with Constantinople and the Black Sea through the Suez canal, is now becoming developed.

AFRICAN ROUTES.

There are only four ports in North Africa which have direct commercial intercourse with the Soudan, or country south of the desert, namely, Mogador in Morocco, Tripoli and Benghazi in Tripoli, and Alexandria in Egypt. Neither Tunis nor Algiers has any direct intercourse with the Soudan; either of them would require a longer land journey than the other ports; and Algiers is shut off by lofty mountains often covered with snow, while political difficulties interfere with Tunis. Each of these four ports, as a rule, is the destination for caravans from that part of the Soudan which lies nearest to it.

The general direction of all the routes is north and south, and their position is fixed by the passes on to and from the desert. Those to the north are Ain Salah, Ghdamis, Ghât, Morzouk, Augila, and Siout on the Nile. Those to the south are, Aghadiz, Bilma, Dongola, Khartoum, and Berber, the last three on the Nile. No important east and west routes now exist.

1. This is the most westerly, and passes down the valley of the Joliba or Niger, from Jenne to Timbuctoo, then turns north-westerly through numerous stations to Morocco, and thence to Mogador. There are two or three local deviations from the direct course. This route is not very safe from plunderers, water is scarce, and there is danger from moving sands; a part of the trade therefore passes down the valley of the Niger from Timbuctoo to Sackatoo, whence it turns north-east and falls into the next route at Zinder.

2. The principal stations in Central Soudan are Kashna, Kano, Katagoum, and Kouka. From Kashna there is a direct route to Tripoli, passing through Aghadiz, Ghât, and Ghdamis; it is less frequented than the next to be mentioned.

3. From Kouka. It skirts the western shore of Lake Chad, and thence proceeds nearly due north by Bilma and Morzouk to Tripoli. Kouka has a communication westward with the other stations of Central Soudan.

4. Wara, a station towards the extreme east of Central Soudan, communicates with Benghazi by a route which was opened early in the present century, extending almost due north through Augila. It also has communication with Caubé in Darfour, part of the Eastern Soudan.

5. From Caubé a route extends north-east to Siout on the Nile, passing through El Kargah, or the Great Oasis. The caravans convey pilgrims and some merchandise, the journey occupying forty days actual travelling, besides many rests.

From Caubé a route extends south-east to Lobeïdh, fifteen days.

6. Lobeïdh communicates with Cairo by a road which extends northward to Debbé on the Nile, about eighteen days' journey. Thence by boats to Dongola and on by caravan, the Nile being dangerous, to Wadi-Halfa, thence by vessel to Cairo, excepting a short camel portage at Assouan to avoid the cataracts. The first part of this route is unsafe, and subject to attack by Arabs, owing to its proximity to the frontier of Darfour; caravans therefore occasionally go to Khartoum, a ten days' journey, before starting for Cairo.

7. From Khartoum to Cairo, fifty-one to fifty-seven days. By caravan to Debbé, twelve days, across the bend of the river, and thence by the Nile as just described.

8. Another route from Khartoum to Cairo is either by vessel or by caravan following the course of the Nile to Berber, thence across the great bend to Korosko, a very tedious journey, and thence by vessel to Cairo, with the exception of the porterage at Assouan. The total time forty-five to fifty-five days.

From Khartoum there are two ways to the port of Suaken on the Red Sea; one direct, but little used owing to want of water; the other, which is preferred, is by the Nile, and up the Atbara River to Taka, about twenty days, thence ten days by land. There is also a route from Berber to Suaken. These roads are chiefly used by pilgrims.

Another route to the Red Sea, almost exclusively used by pilgrims, is from Kane to Cosseir.

The most important one to the Red Sea is now traversed by a railway, from Cairo to Suez, well known as the course for the overland mails to India.

Numerous branch routes in Africa, of minor commercial importance, are omitted. The pilgrim path which formerly existed from Morocco through Northern Africa to Egypt, is supplanted by the steam navigation of the Mediterranean. Another similar east and west route from Senegal to Suaken on the Red Sea, is disused for merchandise.

The absence of any important east and west routes in Africa, such as anciently existed with Egypt, is most marked, and exhibits the tendency of commerce to find its shortest course to the sea.

The influence of the improved navigation of modern times is also illustrated in the almost total obliteration of the commercial routes through Arabia, and is equally so in the routes of Central Asia, when it is remembered that the Indian trade has been nearly withdrawn from them.

In other respects, the *unchangeable character of these natural routes* is illustrated, where the direction is controlled by defiles, by supplies of water, or other permanent causes; while some local changes have been occasioned by certain sea-ports having become unsuitable for the purposes of modern commerce: witness, for instance, the abandonment of Ephesus for Smyrna; of Tyre, Sidon, and Rhinoculura for Beirout and Iskanderoon; the changes also in the ports on the western coast of the Red Sea, and on the north coast of Africa.

The tendency of the trade through Central Asia to take a more northerly course during successive ages, is shown in the vicinity of the Caspian, where the southern land route, the Oxus route, and the Astrakhan route, have been successively used and virtually abandoned, and are at the present time supplanted by the route through Orenburg.

Compared with the great extent of the caravan routes, the river navigation in connection with them is but small. The nature of the regions traversed makes this inevitable. The Nile is unchanged in this particular. On the Euphrates and Tigris there has been a considerable increase in modern times. The Oxus (Jihon) navigation has become extinct, but under Russian influence, both that river and the Syr (ancient Jaxartes) are likely to be made channels for trade. The large Siberian rivers are ice-bound during a large part of the year, when navigation is stopped, but the ice affords facilities for travellers. Lake Baikal, near Irkutsk, is crossed when in this state by a direct road over the ice.

PART II.

CHAPTER XI.

RUSSIA.

RUSSIAN industry and commerce, so remarkably developed by Peter the Great and Catherine II., underwent a period of vicissitudes during the wars from 1789 to 1815. Corn had already become an important Russian product, and had been supplied to most of the states of Europe. While these states were involved with France in war against England, they dared not send their ships to Russia, on account of the English power at sea. The whole Russian trade therefore fell into the hands of the English, who supplied other countries as well as their own with Russian corn. Such exclusive possession of the trade extended greatly the use of English fabrics and other products in Russia. Catherine's reign was distinguished by the acquisition of the Crimean and Black Sea provinces, with southern harbours convenient for the grain trade. Cherson and Odessa started on equal terms as Russian ports, but Odessa took the lead, which it has since kept. Besides being entrepôts of grain, both cities entered upon an active commerce of their own, and opened up intercourse with Marseilles, Leghorn, and Genoa. A profitable and busy trade is now carried on at St. Petersburg and Riga. The smaller Baltic ports of Revel, Mittau, Habsal, Helsingfors, and Wiborg have also assumed considerable commercial importance. Archangel, in the White Sea, the first Russian port that traded with England, lost its commercial position after St. Petersburg was founded.

The commercial dealings of Odessa were at first small compared with those of St. Petersburg and Riga. Its prosperity began with the peace in 1801, after which for some years its trade was very extensive. A change followed as soon as Russia again took up arms against France in 1805. As a condition of the Peace of Tilsit, two years later, Russia was constrained to renew the continental system (discontinued since the death of Paul in 1801), and to prohibit British goods, a state of things worse for the trade of the country than war. The injury after five years' endurance grew insupportable, and the neglect to enforce the system brought about the memorable invasion of Russia and the burning of Moscow. While in alliance with England, Russia was supported by subsidies from this country, amounting, between 1789 and 1815, to the sum of £5,250,000 sterling. Impoverished by the war, and most of all by the sacrifices demanded in 1812, when Napoleon invaded the country, the finances were ruined, and depreciated paper issues deranged all mercantile affairs. Peace, however, brought rest and prosperity. Between the years 1815 and 1820, England and Russia were drawn into closer relationship. Each country needed the products of the other. The rude but boundless resources of the Russian Empire supplied materials for British manufactures, while England in return contributed the products of her skilled labour. Timber for shipbuilding and grain for food found outlets in the Baltic, and year by year the ports of the Euxine shared more largely in the trade. A recurrence of bad harvests in the years 1816 and 1817 created a demand for Russian corn from every part of the Continent, by which Odessa was greatly enriched. The Russians thought this exceptional prosperity would endure; their demand for foreign manufactures continued after the productive fields of Europe had resumed their normal fertility and the demand for Russian corn had fallen off. In the face of such clear evidence that the Russians, who have the credit of being keen bargainers, wanted these commodities, an outcry was raised that foreign competition was injuring the country. Immature industries forced into being by Peter were probably giving way before the better and cheaper productions of England. An ukase * was consequently issued by the Czar in 1820, imposing heavy duties upon almost every foreign product admitted into Russia. This stopped importation, and rewarded political intervention with bad and dear goods of native make, in lieu of cheap and good ones from abroad. Under this protective system Russian manufactures have made actual but not relative advances. Moscow and its outskirts are the chief seats of industry, especially of the spinning and weaving of cotton. Fabrics of cotton and of half cotton, of silk, and of half silk, woollen cloths, and stuffs, linen and sail-cloth, are now produced. Other provinces besides Moscow, notably the governments of Vladimir, Nijni-Novgorod, St. Petersburg, Saratov, Tula, Kaluga, and Kostroma, are engaged in active industries which trace their origin to Peter I., who established, partly at the public expense, a cotton, woollen, and linen manufactory in each of the governments of his empire. Cashmere shawls are well imitated in the factories of the government of Penza, and fetch high prices. Fine linen is not successfully made. Russia leather, fragrant with the extract of birch, is prepared in the environs of Moscow. Imperial cannon foundries are situated near Tula, "the Sheffield of Russia," where there are also many iron and steel works. There are also metal works, including those of platinum, in the mining districts of the Ural. Zlataust, in the government of Ufa (lat. 55° 11′, long. 59° 38′), is a great centre of these industries. Glass manufactories are chiefly located in the government of St. Petersburg, but are also found elsewhere. Pottery, saltpetre, potash, soap and candle making, sugar-refining and the extraction of sugar from beet-root, tallow-melting, and paper-making, are the other principal manufactures, all of which are protected.

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* Pron., *oukaz.*

In 1842 there were in Moscow, which, with the district around, fairly represents the progress of productive industry, 560 masters employing 40,168 labourers. Steam-power was used in 26 of the works, horse-power in 89, and water in 15. There were 20,424 looms and 1,794 other machines at work, and the annual value of the produce was more than £5,500,000 sterling. In the vicinity of Moscow there were 497 manufactories, employing 37 steam-engines, 26,063 looms, and 55,894 operatives. The whole value of Russian manufactures at this date was about £30,000,000 a year. In 1860 the various branches of the cotton industry in Russia showed the following results: there were 1,153 factories, 150,000 workmen, and an annual production of cotton fabrics to the value of £9,500,000. Russian calico is now produced of a quality equal to English. At Moscow, Vladimir, and St. Petersburg the cloth is both woven and printed. St. Petersburg confines itself to fabrics of the best quality, which are worn only by the wealthy. Vladimir produces almost entirely cheap goods used by the peasantry. Moscow, the emporium of industry, as St. Petersburg is of commerce, combines the two branches.

An interesting history of the progress of cotton-spinning and cotton-printing, illustrative of the advance of Russia, is given in the Consular Report of Mr. Michel; from which it appears that spinning-mills were erected both in the old and the new capitals of the empire as early as 1824, but that no calico-printing works were established till 1830, when a Moscow merchant of the name of Pittoff erected the first. Sparing no expense, he engaged the services of Schwartz, a celebrated dyer of Mülhausen, who brought the works to an excellence equal to those of Alsace, taught the workmen the newest processes, and kept the factory supplied with every new improvement. Most of the cotton-mills of Moscow have been started by a single firm, which still maintains a form of paternal control. This firm orders the machinery, buys the raw material, and engages the overlookers and managers, who, they stipulate, shall be

British. This predilection is very common in Russia. At Abo, Scotchmen are building steam-vessels for the Russian Government. At Tammerfers large spinning-mills have been started, and are conducted by an English firm. At Helsingfors and Fiscars, Englishmen are manufacturing cutlery from native iron, and English capitalists are also working the mines of Finland.

Russia has also manufactures of porcelain, furniture, agricultural implements, carriages, pipes, matches, bricks, leather, oil, and gas.

Russia exports to the United Kingdom grain, flax, and hemp, timber, potash, iron, copper, tallow, candles, linseed, hemp-seed, tar, rags, horsehair, wool, goat's-hair, cordage, pelts, hides, furs, feathers, leather, isinglass, bones, and various other materials. The value of these substances in 1864 was computed at 87,416,000 roubles (worth 3*s.* 4*d.* each), being about a third of the gross exports of the empire. The British imports into Russia consist of machinery, coals, colonial produce, oils, wines, spirits, beer and ale, tea, salt, tobacco, cotton, metals, tools, medicines, textile fabrics, dye stuffs, and implements of husbandry. Russian commerce has been unable to resist the onward march of European interchange since the Crimean war, but the effects of a peculiar policy are evident in the disproportionate statistics of its imports, compared with its exports. The progress in the ten years from 1857 to 1865 is given below.

Date.	British Trade.	Exports to U. K.	Imports from U. K.	Total.
1857	Northern Ports . .	£9,929,104	£4,621,577	£14,550,681
,,	Southern Ports . .	3,518,480	353,482	3,871,962
		£13,447,584	£4,975,059	£18,422,643
1866	Northern Ports . .	£13,352,516	£6,323,397	£19,675,913
,,	Southern Ports . .	6,272,164	578,542	6,850,706
		£19,624,680	£6,901,939	£26,526,619

The amount of imports and of exports, in proportion to population, is one means by which we may judge the economic policy of Russia, as compared with that of other states. After various timid ameliorations, a new tariff (1869) charges an *ad valorem* duty of, at least, thirty-five per cent. on imported manufactures. While such a fiscal system continues, smuggling is not likely to diminish, and the receipts from customs cannot well increase. The subjoined comparative table applies to the year 1865.

	Imports for Consumption (exclusive of bullion and specie), per head of the population.	Exports of Produce (exclusive of bullion and specie), per head ot the population.
United Kingdom* .	£7 5 9	£5 10 9
Belgium	6 1 5	4 16 7
France	2 15 9	3 5 2
Italy	1 14 4	0 19 10
Russia	0 7 3	0 8 3

The nature of Russian produce has but little altered since the beginning of the commercial history of the country, but the quantity yielded has materially increased. Russia is essentially agricultural, and grain, of various kinds, has always been an important export. In 1839 the total weight taken by different European states was 11,447,440 hundredweights, of the value of 59,000,000 silver roubles. The amount sent to England fluctuates with the yield of our own harvests. Rye is the chief cereal grown, little of which comes to England. Between 4,000,000 and 5,000,000 hundredweights of grain, exclusive of wheat and wheatmeal, are sent annually to England. The wheat exports are on a most extensive scale, ranging from 3,000,000 hundredweights in 1857, to 14,000,000 in 1867, and the trade in it is carried on mostly by the southern ports. Of barley, oats, and maize, about 4,000,000 hundredweights are annually exported. Linseed is another valuable item, one more important than flax. In 1839 linseed to the value of 19,500,000 roubles was exported, while the flax fibre was unused. Wild rapeseed, strange to say, has proved more profitable for trade than the produce of cultivated varieties. Hemp-seed is an important addition to this oil-seed trade.

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* England, apart from the other divisions of the United Kingdom, would stand at a much higher individual rate than that given in the table.

Tallow forms a very important export of Russia, more so perhaps than any other single commodity. Nearly 100,000 tons of tallow candles and 10,000 tons of stearine are annually made, much of which is exported. The tallow is principally the produce of cattle reared on the steppes. It is now exported from the southern as well as the northern ports, though, formerly, the trade was confined to St. Petersburg.

Iron and copper are produced in greater abundance than formerly, but less of each is exported on account of the increase in the home consumption. The exports of these metals are almost wholly from St. Petersburg, owing to its proximity to the mines.

Forests are an invaluable source of wealth. Timber and a variety of forest products are sent from Riga and Cherson, especially from the former port, which now receives the produce of the woodlands of the Upper Dnieper, formerly sent to Cherson. The British timber trade was diverted to Canada during the early years of this period. Such, however, is the need of timber for ship-building and many other purposes, that the Russian trade has long since been restored, while that with Canada has also increased.

From the time of Peter the Great, every Russian ruler has displayed great anxiety to possess a powerful navy and a large mercantile fleet. This ambition has been rewarded with comparatively few merchantmen, but with war ships, most formidable in appearance, upon which the Emperor Nicholas spent enormous sums, and which his successors have not neglected. In 1837 the number of vessels entering Russian ports was 5,620, of an aggregate burden of 935,538 tons; of these, only 1,045 were native vessels, the rest being foreign, chiefly British. The total number of ships visiting Russia in 1869 had increased to 10,349, of a burden of 1,331,766 tons. Of these vessels 2,020 were British, and only 1,377, or less than one-seventh, Russian. In the Black Sea the proportion is considerably lower. This unfavourable result is due doubtless to the small extent of coast available for training the Russians to maritime habits. The Arctic coast is icebound for the greater part of the year; while the Baltic, the Black Sea, and the Caspian have but a small extent of coast compared with the immense area of the empire. Trade even at the ports is conducted by foreign merchants, chiefly British and German, settled in the country under the name of "foreign guests," without being subjects. Not merely on the frontiers, but even in Moscow there are found wealthy residents of this class, whose connections abroad enable them to extend credit to the Russians, and also to render valuable service as agents for the extension of commercial relations. The inland river-traffic and the coasting trade are carried on exclusively by the Russians themselves. Few ships are used for these purposes, but innumerable boats and rafts of timber.

St. Petersburg engrosses half of the foreign trade. It supplies Moscow and the interior with foreign commodities. This is owing, not so much to its position, as to the fact of its being the capital, and thus attracting foreign merchants to reside in it. The English quarter is one of the finest parts of the city. Next to Britain, France, Germany, and Holland rank in order of importance in the Baltic trade; Turkey and Italy in the Black Sea trade.

In consequence of the disparity of value between Russian imports and exports there has been a constant flow of specie into the empire. This gave the country great command of ready money, and gradually reduced the amount of paper in circulation (which, however, would have been much sooner accomplished by the profits on unrestricted trade), until the two were brought into correspondence with the requirements of commercial intercourse. This effect was aided by the produce of gold and platinum from the Ural mines, which before the discoveries in California and Australia was of considerable importance to Europe.

The Crimean war was a heavy tax upon the resources of Russia. It not only stopped the profits of trade, but consumed the accumulations of specie. Since then about six thousand miles of railways have absorbed a great deal of native capital, besides rendering foreign loans necessary. The principal railway is that which connects St. Petersburg and Moscow, four hundred miles in length, and straight throughout. Railway investments, unlike war expenses, are, however, reproductive, opening up the country to the pursuits of commerce and stimulating industry.

Russia possesses an overland trade with Asia, of which Astrakhan is the emporium. This is destined to expansion when railways unite Eastern and Western Russia. A treaty of commerce was entered into with China, not long since, and Russian factories have been erected at the mouth of the Amoor. The Russians are the greatest tea-drinkers in Europe, and the tea brought overland from China is said to retain its flavour better than any that is sea-borne. Travelling dealers buy up the stores of bristles, rags, and native produce, prepared for them by the peasants, and transport their stock to the seaports, the frontier towns, or the great fairs for sale. Moscow is the great inland entrepot for merchandise thus collected. Much interchange is carried on at the annual fairs, the greatest of which is that of Nijni-Novgorod, the centre of the magnificent system of Russian rivers. Merchants from every part of the Old World, and even from the New World, visit this fair during the two months of its continuance, and goods to the value of several millions sterling change hands.

The vast regions of Asiatic Russia are as much behindhand in commerce as in population; and a wide extent must remain for a long time to come productive of nothing except fur animals. Western Siberia is, however, improving, being incited to industrial activity by the mines of the Ural Mountains, on the Asiatic slope, as well as by its more direct communication with Europe. The largest town of Siberia is Irkutsk. Yet, farther to the eastward, the territory on the Amoor, with the adjacent coast, stretching along the Gulf of Tartary and the Sea of Japan, forms a region in which Russian enterprise and settlement are rapidly extending. This region, which before 1853 formed part of Chinese Manchooria, possesses great natural capabilities, and is likely to fill an important place in the growing development of Russian trade on the Pacific.

Southern Russia possesses an extreme climate, the summer being hot enough to ripen the produce of the warmest parts of Europe. It was hoped that by the acquisition of the fertile territories of the Caucasus, the empire would be enriched with the varied products of silk, cotton, wine, rice, saffron, madder, cochineal, and southern fruits. Military occupation has proved very unfavourable to these expectations, and has been so distasteful to the brave and hardy tribes of the Caucasus, that a chronic state of insurrection exists.

The Polish provinces of Russia possess vast capabilities, hindered in their development by misrule and political sufferings. They abound in soil of the richest fertility, which is only now recovering from a century of neglect. The prey of contending factions, Poland became exhausted, and fell an easy prey, in 1772, to Prussia, Austria, and Russia. Since that date intermittent outbreaks, ruthlessly repressed, have marked the course of events down to the year 1868. During the French wars, it was alternately overrun by the forces of Napoleon and of the Allies. In the intervals of tranquillity, German weavers settled in the country and improved the woollen manufactures. The Emperor Alexander showed a laudable desire for the pacification and progress of Poland, which for some time proved of benefit to the people. With the lapse of years, a sense of security and the desire for industrial reforms have begun to be once more discernible. Improvements have been made in the breed of sheep, and as a result, Poland has become an important wool-producing country. The woollen manufactures also have expanded. Poland is rich in raw produce, and its manufactures, centred chiefly in Warsaw, are very varied. Exports of corn, flax, hemp, timber, turpentine, colza oil, oil-cake, raw silk, furs, bristles, hides, tallow, horses and cattle, glue, bones and horns, caviare, and other articles, were made in 1865, to the value of 47,112,879 silver roubles, against imports of the value of 44,664,858 roubles. Two-thirds of this trade is with Russia, and the rest foreign. In 1865 there were in Poland 3,290 factories for the manufacture of cotton, woollen, linen, and silk fabrics, besides paper-mills, brandy distilleries, glass-works, and agricultural-implement factories. A great wool fair is annually held at Warsaw, about the middle of June, to which the wool of almost every Polish district is sent. The river Vistula is navigable for purposes of trade between Warsaw and Dantzic, and large consignments of grain, timber, and wool by this means reach the Prussian ports on the Baltic.

CHAPTER XII.

SCANDINAVIA.

The years immediately before the close of the eighteenth century were favourable both to Norway and Sweden, for by obtaining a neutrality they secured to themselves much of the carrying trade of the belligerents. English shipbuilding at that time demanded immense quantities of timber and iron, by which Scandinavia profited, for it was almost the sole source of supply. Sweden enlarged its commerce by trading to China and the West Indies. Induced in 1806 to engage in the war against France, she suffered severely, and subsequently, through a disastrous conflict with Russia, she lost Finland. A yearly subsidy averaging one million sterling, from 1804 to 1812, as a grant in aid of the war, together with the profits on British trade, contributed to save her from financial ruin. Norway, which, under the tutelage of Denmark, inclined to France rather than to England, lost in consequence its profitable trade in metals and timber, and thus, at the conclusion of European hostilities in 1815, both Norway and Sweden had retrograded.

The union between Norway and Denmark continued until the year 1814. The transfers of sovereignty that took place by the Treaty of Kiel, on the fall of Napoleon, were founded upon expedience rather than justice; and, with the exception of the sacrifice of the Genoese, no piece of diplomacy was, at the time, more severely criticized than the conduct of England towards Norway. The whole system of diplomacy, however, was bad. Sweden, which had long held a moiety of Pomerania, was required, at the bidding of Prussia, to evacuate Germany; and, in order to supply her with an equivalent, Norway was taken from Denmark. That this was distasteful to Denmark was only natural; yet in Norway itself the separation was forced upon an unwilling people, by the prominent agency of a British fleet. If subsequent events have belied the prophecies of more than one right-minded statesman who condemned, at the time, the British policy, it is mainly owing to the good sense of the Norwegian people. They had been badly governed by the Danes, though not so badly as Iceland. Nevertheless there was not only the promise of a constitution, but one had been actually drawn up when the separation was determined on, and this held good for the contemplated union with Sweden. It is one of the few "paper constitutions" that have, from first to last, worked efficiently; and it has been not only the bulwark of the Norwegian liberties, but the main source of their commercial prosperity. It abolished the hereditary aristocracy, with the exception of four titles in which a vested interest was claimed. The parliament (Storthing) sat in two houses, but the Upper House was a select committee of the Lower. The elections are by two stages, the people at large nominating those who should elect the members. The Crown has only a suspensive veto, so that any bill which has been passed by three different parliaments became the law of the land. It is only by the most jealous vigilance that a constitution of this kind can be preserved; and, though neither the present king nor his predecessor have ever acted otherwise than as constitutional rulers, it was very different with the first of the dynasty, the French ex-marshal, Bernadotte. More than once did he threaten to coerce the Norwegian Storthing, and every time he was effectively resisted; indeed, the abolition of the native aristocracy was made in spite of his resistance. In Norway, then, we have an instance not only of a "paper constitution" working well, but of a union of two crowns under one king being compatible with the freedom and prosperity of the smaller kingdom, if, indeed, Norway can be called such.

Within the last thirty years the wealth of Norway has increased enormously, and if the population has not kept pace with it, the difference must in part be attributed to an extensive migration, especially to the United States. How thoroughly Norway is a commercial country may be inferred from the mere inspection of the map. With two or three exceptions, where mining operations have concentrated the inhabitants, all the Norwegian towns lie on the sea-coast; Bergen, the oldest and the most important of them, was once one of the Hanse Towns. For some time after the Union the chief trade of Norway was with Hamburg, heavy advances having been made by that city. At present it is chiefly with England. The regulation of the forests and mines is, in the eyes of the government, a matter of special importance. Both the primary and the higher education have been foremost objects of attention in Norway; and the University of Christiania has among its professors some of the most able men in Europe. Religious liberty has until lately been at a lower standard than civil liberty. It is only within the last thirty years that a Jew was allowed to set foot in Norway.

The history of the union of Norway with Sweden is important as a political study. Notwithstanding the difficulties of getting two nations to live on terms of friendship and equality under a single king, amply illustrated by Austria and Hungary, in the Scandinavian kingdom, at least, they have, been surmounted. Still, the amalgamation of the two populations is political rather than social or commercial. There is as yet no approach to a common coinage, the Norwegian money not being a legal tender in Sweden, and the converse. Equally different are the fiscal regulations, so far as they touch the great question of free trade. Equally different, too, are the national characters—a fact which, to some extent, is explained by the histories of the two countries. Sweden, royalist and aristocratic, has always been ambitious of what it has undoubtedly earned—military glory; its victories have, however, been on land, the victories of skilful generals and brave soldiers, rather than those of bold captains and hardy seamen. Norway has always been naval rather than military. The government of the Laplanders of Finmark, who are subject to Norway, has been a successful example of the rule called "paternal."

In the united kingdoms of Norway and Sweden, as indeed in most States of Europe where the reaction from the forced activity of war laid industry and commerce nearly prostrate, a prohibitive tariff was adopted to encourage manufactures, and still remains in force through the fear that native industry would otherwise again die out.

In these countries few manufactures are carried on in large mills and factories. Linen is spun and woven in almost every house, and the aggregate produce is large enough to allow of exportation. Woollen stuffs are fabricated in like manner. All the members of families are engaged in industrial pursuits, especially amongst the peasantry in the north. The cheapness of ship-building materials promotes activity in the harbours of the Baltic, but not to the extent that might be expected, although a sufficient number of ships for home use and many for foreign sale are constructed.

Swedish iron is of such excellent quality that it stands its ground against the vast mining operations of Great Britain and Belgium and their possession of coal. The employment of wood in smelting the ore improves the quality of the steel, and its superiority for cutlery and various other purposes has rendered the demand for it universal. It is now exported to North America, the West and East Indies, the Levant, and Australia.

Navigation has recovered from its depression, and is again flourishing and widespread. The repeal of the Navigation Laws in England nearly doubled the mercantile marine in Norway, so closely connected is the Scandinavian trade with that of Great Britain. The shipping interest exercises a vital influence upon the prosperity of Norway, and is managed with so much forethought and skill, that amid the commercial derangements of the present century there has hardly been an instance of bankruptcy among the Norwegian shipowners. An important trade in Norway ice, shipped principally from Dröbak, and for which England is the chief customer, has sprung up in recent years, and has almost superseded an earlier traffic in ice from Wenham Lake, in the United States. Sweden, on the other hand, competes with Canada for the supply of deal, the shipments of which from the two countries to England were almost equal in 1864, but in 1870 was in favour of Norway and Sweden.

The Swedish legislature has begun to abandon the questionable policy of an earlier generation, and has by degrees paved the way for freedom of trade. How this has succeeded may be seen in the state of the commerce with England.

TRADE OF SWEDEN AND NORWAY WITH THE UNITED KINGDOM.

	Imports from U. K.	Exports to U. K.	Total.
1856	£1,562,061	£2,979,795	£4,541,856
1866	2,660,064	5,613,215	8,273,279
1870	3,218,171	8,590,893	11,809,064

Agricultural Industry.—Norway is behind Sweden in agriculture, and Sweden is not in an advanced state, owing both to its high latitude, which in some parts makes agriculture impracticable, and to its soil, which in general is thin and poor. Norway, by the rocky nature of its surface, is precluded from tillage, except in patches and in the southern districts, and is often dependent upon Sweden for its supply of grain. It is computed that there are, on an average, three seasons of plenty, three of dearth, and one of total failure, in every period of seven years. Grain has to be imported every year, and occasionally in large quantities.

Another cause of the backwardness of husbandry in Sweden has been the poverty of the nobility and chief landowners. Having no capital to expend in the improvement of their estates, many of them have, at length, sold their property. A seventh part of their estates is computed to have been thus sold to the wealthy citizens and the peasantry in the course of seventeen years, and the remaining six-sevenths are heavily mortgaged. The money value of the estates bought, from 1818 to 1840, by the burghers, amounted to six millions of rix-dollars, and by the peasantry to five millions. This change of proprietorship and additional capital have made very decided improvements in Swedish farming. Feudal tenure has never prevailed in Sweden. Peasant proprietors hold their farms, generally containing about three hundred acres, with right to a mountain pass and pasture in the summer, by what is called *Udal* right, a form of tenure which also obtained in Orkney and Shetland. The Udallers own no superior over their holdings, and thus do not hold by charter or deed, but by simple act of tenancy or possession.

State aid has been given both to the agricultural and manufacturing industries, towards which objects the princes who last ruled the country personally contributed fifteen million rix-dollars, or about one and a quarter million sterling.

Sweden as well as Norway trades principally with the United Kingdom. Stockholm and Gothenborg are the commercial ports of Sweden; Christiania (the great port for timber) and Bergen of Norway. While shipping has developed in the last-named country, manufactures have assumed increased proportion in Sweden. The chief exports from Norway are fish, shell-fish, cod-liver oil, ice, iron, copper, timber, tar, and pitch; while, in addition, Sweden exports cereals and wool. The imports of Norway consist of grain, dairy produce and other animal food, wines, brandy, coal, salt, colonial produce, and woven fabrics, in the proportion of 31 per cent. cereals, 20 per cent. spinning materials and tissues, 20 per cent. colonial produce and 6 per cent. metal ware. Sweden takes larger quantities of these commodities.

CHAPTER XIII.

DENMARK.

THERE was a great demand by England and France during the revolutionary period for the agricultural produce of Denmark, and that country was visited for some years by a prosperity as remarkable as that which it enjoyed during the American war of independence. But Denmark could not serve two masters. To satisfy one provoked the resentment of the other. In 1801, and again in 1807, Copenhagen was bombarded by the English fleet. On the first occasion the Danish fleet was destroyed, and on the second it surrendered. The temporary surrender of this fleet was demanded to prevent its falling into the hands of Napoleon. While thus yielding its navy to England, Denmark was compelled to shape its policy to the will of France, and to acquiesce in the continental system. Its commerce, which was its life, was thus doubly ruined, and some years elapsed before it was restored. Rape-seed, butter, grain, and horses were the first constituents of commerce to reach their former value, which they did by the year 1824. Since 1838 the exportation of butter and cheese has increased beyond all precedent, and such has been the progress of the few years since the fertile provinces of Holstein, Schleswig, and Lauenburg were wrested from Denmark by Prussia, that the loss commercially does not show itself in the present trade returns. The exports to the United Kingdom from Denmark in 1860, the last year when the German provinces were included in the returns, were of the value of £2,575,958; in 1861, £1,371,933; in 1867, £2,588,921. The average exports from the detached duchies were under a million sterling. Various branches of Danish commerce since the time of the French war have never again assumed their former dimensions. Conditions have changed since the hardy seamen of this small kingdom were the carriers for a great part of the world. Self-reliant States have arisen in America, and England has obtained the trade of which Holland deprived Sweden and Denmark. St. Thomas and St. Croix, the Danish colonies in the West Indies, were restored by the English at the peace, but they had lost their value with the loss of their use as emporiums. Their produce of sugar and coffee was hardly enough to supply Denmark alone, and these colonies became of so little importance to Denmark that in 1867 St. Thomas was sold to the United States for £1,500,000, the latter power making it a "territory" and securing it as a naval station for the West Indies. The China trade and that with the East Indies could not be resumed with profit. They had both been intermediate trades, the one to Canton for tea to supply the European markets, the other for Indian fabrics, the demand for which was being rapidly lessened by the cheapness of British machine-made goods. Serampore and the other Danish possessions in India were transferred to Great Britain in 1845, and the stations on the Guinea Coast in 1850.

The chief national occupation of the Danes is husbandry. There is neither iron nor coal in the country, nor are there many raw materials for manufacture. Commerce is confined to the produce of the field and that of the dairy. The few textile manufactures of Denmark were inherited from the French Protestant refugees, who received a welcome in 1693, after their flight from the bigotry of Louis XIV. Beyond some coarse stockings and other woollen stuffs, and gloves, none of the produce was exported, but commercial prosperity brought luxuries in the form of foreign manufactures. Hardware, pottery, woollen and cotton fabrics of a much finer kind were imported. When reverses came, the Danes resorted to the common practice of protecting their industry, and at the same time they rigidly checked illegal traffic. By such means woollens and cottons, not even now enough for home consumption, and a great deal dearer than foreign goods, have been produced by native hands that could earn as much, or more, in agricultural pursuits. Sugar refiners and brandy distillers have been similarly encouraged. Brandy distilling, being in a great measure dependent upon agriculture, has produced a surplus for export.

Schleswig and Holstein, before their severance from Denmark, possessed an important commerce, much of the Danish trade entering their ports. There were about three thousand' vessels of thirty-six thousand tons possessed by the duchies, a larger number than belonged to the rest of Denmark. These, the fairest provinces, were absorbed by Prussia in 1864, and the small kingdom which was before only a quarter of the size of Great Britain, is now reduced to the limits of one province, that of Denmark proper, comprising the peninsular division of Jutland, and the insular divisions of Zealand, Funen, and the smaller islands. The tendency of trade since the political change has been to concentrate itself at Copenhagen, where at the present time as many as two thousand merchant ships not unfrequently enter in a week. Gluckstadt, the capital of Holstein, is a whaling station, but is of diminishing consequence. In 1838 twenty-seven whalers were sent out, which captured thirty-eight whales, and 65,920 seals.

Denmark commands the entrance to the Baltic, and till the year 1857 suffered no vessel to pass the Sound without clearing at Elsineur and paying toll. This toll was computed to amount to 1,600,000 guilders annually, and was impatiently endured by several states. Its origin was due to a bargain between Denmark and the Hanseatic League in 1348, whereby the former state became bound to erect and maintain lighthouses round the coast, and the Hanse to pay a passing toll. An agreement between the Danes and the Dutch was signed in 1645 relative to these dues, and by long prescription the claim was yielded to by the Swedes, the English, and the French, who with the Dutch paid 1 per cent., while smaller states with less trade paid 1¼ per cent. upon the declared value of their merchandise.

In 1855 the United States expressed a determination to pay no further toll. Denmark then proposed to capitalise the dues, and to take a round sum contributed *pro rata* by the states trading to the Baltic. This was at length agreed upon, and 30,476,325 rix-dollars was paid for their redemption. The share of England, paid at once, was 10,126,855 rix-dollars, or £1,125,206.

CHAPTER XIV.

AUSTRIA.

OESTERREICH (EASTERN EMPIRE).

THE interval from 1789 to 1815 gave little scope to the productive industry of Austria. No other European state was so humiliated by the wars of that age. Austrian progress cannot be said to have begun until the peace of 1815.

The first stage of development lasted till 1830. Attention was directed to husbandry and mining, and to home manufactures founded thereupon. The Italian provinces, amongst the most productive by nature, were made more so by careful cultivation. Sheep rearing was energetically pursued in Bohemia and Moravia. Capital, diverted from wasteful war, was devoted by the landowners to the improvement of the breed of sheep, whose fleece soon yielded such excellent wool, as to give celebrity to the cloth manufactures of these two provinces. Glass, iron, steel, linen, cotton, and silk manufactures received the fostering care of government, by the levy of duties upon imports.

Austrian industry entered upon another phase about the year 1830. Home manufactures were in greater demand in the empire itself, and there was a continuous advancement in agriculture. Markets were found in Germany for the domestic produce, much of which was sent to the fairs of Leipzic and Frankfort. From the Zollverein, to which all the other German states had by degrees given in their adhesion, Austria, however, kept aloof, and in consequence, lost most of the German traffic; but the beautiful glass of Bohemia and various other manufactures continued to find favour even from the states of that commercial union. Beyond the confines of Europe, Austrian goods made their way eastward to Turkey and Persia, and westward across the Atlantic to the United States and Brazil.

In 1838, the Austrian government appeared to perceive that an extreme tariff did not benefit the country, and entered into a commercial treaty with the United Kingdom in accordance with which the duties were lowered, but to an extent so trifling that it only diminished the revenue without increasing trade. Foreign competition was maintained by the aid of smugglers, who supplied raw materials for manufacture and colonial produce. A good deal of wool used to come thus from Saxony, until stopped by that state joining the Zollverein. Illicit traffic still procured an entrance by means of the numerous islands and broken coasts of the Adriatic. Goods thus easily found their way to Hungary, where a lower tariff prevailed.

Austria was one of the first countries to construct railways. A steamboat service was established on the Danube, which only failed to create an enormous river traffic because a close monopoly denied it the wholesome stimulus of competition. Many new highways were also formed. Even now, though railways cross the country, the means of communication are scanty, compared with those of England, as instanced by the fact that while in England food costs about the same price in all parts of the kingdom, in Austria it varies widely in price, and is especially dear at Vienna.

Before the year 1840, industrial improvement was everywhere visible. From 60,000 to 70,000 ozs. of gold, and more than 1,000,000 ozs. of silver were annually obtained from the mines, besides supplies of every other metal, of precious stones, and of coal. The forests furnished five and a half million loads of timber, besides potash, tar, turpentine, galls, and charcoal, and the vineyards produced 600,000,000 gallons of wine. Tobacco was raised to an extent yielding 300,000 cwts. of the cut leaf, 45,000 lbs. of snuff, and 200,000,000 bundles of cigars. The agricultural statistics of the same date give, of farming stock, 2,500,000 horses, 8,000,000 horned cattle, 30,000,000 sheep, and about 1,000,000 goats. Swine, poultry, and game were innumerable. Silkworms contributed 5,000,000 lbs. of silk for export, and 2,000,000 lbs. for home use. Between 50,000,000 and 60,000,000 quarters of grain, and nearly 100,000,000 bushels of potatoes, were annually raised. Of manufactures there were in Austrian Italy between 10,000 and 11,000 separate establishments, and in the Austrian states proper, exclusive of Hungary, nearly 14,000, and, generally, of greater extent. Austrian commerce nevertheless remained so much hampered by monopolies and tolls as to be quite inconsiderable for an empire of such vast resources, while salt, gunpowder, tobacco, and many other articles were retained as imperial or government manufactures.

The most absurd duties on woven fabrics were enforced; on silk 20*s.* a pound, and on linens from 6*s.* to 12*s.* a pound. Similar penalties were exacted from those who indulged in coffee and sugar or other tropical produce. There were only between five hundred and six hundred registered merchant ships, exclusive of coasters. Trieste was chiefly favoured, as being Austrian, at the expense of Venice, which was Italian. Fiume, in Croatia, the outlet of Hungarian produce, and Ragusa, in Dalmatia, possessed their share of maritime trade. The exports to the United Kingdom exceeded half a million sterling in value, and had doubled in a few years. The imports from the United Kingdom were of about equal value.

Austria suffered heavy losses during the industrial derangements which began in 1835 and lasted over several years. Vienna, the commercial as well as political capital of Austria, was peculiarly injured. Much of its business was in government securities and in exchanges. The fall in value of all property of this kind resulted in a ruinous loss to individuals, and in general inconvenience. To some extent the Imperial Bank and the Vienna bankers upheld the mercantile interests; but difficulties continued to accumulate. War in Turkey cut off from Austria the largest and most profitable branch of interchange, and the imminence of a war with France tended still more to shake confidence. The loss of the Turkey trade fell most heavily upon Trieste. That port conducted the whole of the intercourse with the Mediterranean and the Levant, and through Egypt it obtained the produce of Asia. While indulging in golden hopes of outvying the former splendours of Venice, speculation in government loans and railway shares had absorbed the profits of genuine trade, and the value of imports fell most seriously, as the following return shows:—

VALUE OF IMPORTS INTO TRIESTE FROM 1832 TO 1841.

	1832.	1836.	1841.
Total Imports	57,000,000 Glrs.	77,000,000 Glrs.	49,000,000 Glrs.
Coffee	8,000,000 „	9,500,000 „	5,000,000 „
Cotton	6,000,000 „	15,000,000 „	4,500,000 „

Exports in like manner diminished in every item, save that of glass, from a total, in 1832, of 54,000,000 guilders, to 41,000,000 guilders in 1841.

Venice, owing to the excellence of its manufactures, had maintained even into the nineteenth century some part of its old renown. These avenues of industry and skill enabled the port to endure the loss of trade which followed the establishment of the continental system of Napoleon. They were afterwards the support of Venice, when Trieste attracted the greater part of the commerce of the empire. Venetian trade with the Two Sicilies and the Italian ports, as well as with the Austrian ports of Dalmatia and the Turkish ports of Albania, was still considerable. Of more distant commerce that with England stood highest.

Details of Austrian Manufactures.—Linen was an ancient industry which even in the fourteenth century supplied the markets of Italy and Constantinople, as well as home requirements. Bohemia and Silesia produced linens of the finest quality, and coarser kinds were woven in the southern provinces. The inferior fabrics were mostly for home consumption, but the finer were sought for abroad, being consigned to Hamburg, and thence dispatched to America. This commerce flourished until the promulgation of the memorable Berlin Decree, the pernicious effects of which were felt in the immediate decline of foreign intercourse. The number of Bohemian flax spinners fell from 320,000 in 1801, to 40,000 in 1819, and linen yarn, owing to the absence of demand, suffered a great fall in value. Since the latter date the industry has revived. It employs many hands in Bohemia, and has resumed its position in commerce. Machinery has been imported from England, and the quantity of yarn, as well as of finished cloth, produced has greatly increased.

Cotton.—The cotton manufacture was, to a small degree, an early industry, carried on in the lower regions of the river Enns, near its confluence with the Danube. Bohemia took but little part in the fabrication of cotton cloth, but had a large share in the business of calico printing. Cotton grew in favour as a material for clothing, when machinery was brought into use, so that in the year 1840 the weight of raw cotton worked up for home consumption was 29,000,000 lbs., a quantity exceeding that which was demanded by the rest of the Continent, with the exception of France, and nearly three times as much as was required for the manufactures of the Zollverein. Many mixed fabrics of linen and cotton are now made.

Woollens.—Brunn, the "Austrian Leeds," the capital of Moravia, is the centre of the woollen industry. There are also large factories in Bohemia, and coarse goods are made in several other places, a considerable quantity of which has been exported since railway communication with the northern ports has been completed. Switzerland and Italy were early buyers of the superfine cloths of Moravia. The fine quality of these fabrics is due to the skill and industry of weavers from Verviers, induced to settle in Moravia on account of the numerous flocks, whose improved and valuable fleeces afforded a ready supply of the best wool.

Silk.—Silk-spinning and weaving were early pursued in Austrian Italy, and in the province of the Lower Enns. Silk-worm rearing was spread over a wider area. Before the cession of the Lombardo-Venetian kingdom to Italy, this industry had made much progress. France depended upon these Austro-Italian provinces for supplies of reeled and raw silk, and the introduction of the Jacquard loom had raised the silk manufacture to one of national importance.

Leather.—Tanneries abound throughout the Austrian territories, especially in Hungary. For the quantity of leather produced the province of the Lower Enns, and still more Vienna, situated therein, are eminent. The leather manufacture is promoted by the abundance of cattle. The produce, great as it is, does not, however, furnish enough fo home requirements.

Glass.—Bohemia keeps its lead in glass-making, and is not surpassed in the beauty of its wares by any country in the world. The manufacture is, however, no longer confined to this province, but has been extended to the districts on the Enns, and to Styria, Carinthia, and Carniola. While Austria held aloof from the Zollverein, the transport of these wares through Germany was placed at a disadvantage. Notwithstanding this, the exports had, in 1840, amounted to 6,000,000 florins. Russia formerly took a large quantity of Bohemian glass, but put an effectual stop to her enjoyment of such elegant works of art, by raising the tariff upon im-[illegible]. Italian taste led to an opposite policy, which, with the demands of England and North America, more than made up for the loss of the Russian trade.

A large variety of minor products of art distinguish Vienna and its neighbourhood, as *articles de Paris* do the capital of France. Amongst the chief are gold and silver articles, fine leather work, porcelain, watches, silk tissues and shawls, musical instruments, coaches, and various branches of the locksmith's art. The total value of these products can be but little less than that of the corresponding industry of Paris.

Metals.—Relatively to other European States, Austria has gone back in the production of iron during the nineteenth century, owing to the dearness of wood-fuel, in comparison with the coal which has elsewhere been utilised in smelting; still, iron and native steel are abundant, the works are well conducted, and a good deal is exported, though less than formerly. Copper is found, and manufactured throughout the empire, and much of the produce is exported by way of Trieste. The most distinctive metalliferous ore found in Austria is that of quicksilver, the produce of which, from the mines of Idria, in Carniola, is only surpassed in quantity by that of Almaden in Spain. Transylvania, Hungary, and Bohemia yield smaller supplies of this metal, the uses of which in chemistry, in the arts, and in manufactures, have so extended in recent years that its price, in spite of new and prolific sources of supply, has considerably increased.

Salt Works exist in many of the provinces. Sea salt, rock salt, and salt from brine springs, saltpetre, alum, and Glauber's salt, or sulphate of soda, from saline morasses, are obtained in abundance. Rock salt has been dug from the Wieliczka mine, in Galicia, ever since the year 1253, without making a perceptible diminution in the massive bed that extends for six hundred miles in the line of the Carpathian Mountains.

An extraordinary development of industry carried the empire through the loss of trade consequent upon the

American civil war, with the stoppage of the cotton supplies, and the loss of the Italian provinces, as the consequence of the wars with France and Prussia. The years 1862-3 are regarded as the most flourishing period of Austrian history. The care expended upon railways and improved locomotion bore abundant fruit so soon as fiscal impediments to free intercourse amongst the provinces had been removed, and inland smuggling had disappeared. The cattle and timber trade, and the beetroot sugar manufacture, assumed dimensions out of all proportion to their former extent. A service of trains from Moravia and Bohemia to the North German ports, and of fine vessels thence to the United Kingdom, is now maintained for the British division of the traffic in fat cattle. In 1867 there were in Austria 13,660,000 head of horned cattle, besides 3,390,000 horses, 46,600,000 sheep, and 8,000,000 swine; and the whole capital invested in the cattle trade was computed at more than thirty-six millions sterling. Of the cattle, 175,000 head, worth, on an average, £20 apiece, were exported for the most part to Great Britain and France. Forest produce in the same year was estimated at £7,000,000. Beetroot sugar had completely taken the place of cane sugar for home consumption, and was also exported to a large and increasing amount.

Raw materials and yarns for weaving were imported in 1866 to the value of more than 100,000,000 florins, and woven fabrics worth 16,500,000 florins, which not only provided for the consumption of the empire, but afforded a surplus of goods for export, within one-twelfth of the value of the original imports.

As an example of the wisdom of low tariffs it may be stated that the Danube Steam Navigation Company, in 1865, reduced its charges, and in the following year increased its receipts from 9,000,000 to 11,000,000 florins, or 22 per cent., while its expenses increased only 3 per cent.

The gross value of the exports of Austria in 1838 was 135,000,000 guilders. A normal tendency to advance, but at a slow rate, marked the subsequent import and export trade, as illustrated by the following figures, in florins or guilders, of which ten equal one pound sterling:—

	Imports.	Exports.
1851 . . .	158,074,663	136,524,944
1861 . . .	232,732,554	310,687,250
1870 . . .	424,700,000	395,900,000

The increase in 1861 was partly owing to a slight increase of freedom in trade during the previous year, by which an impulse was given to production. The value of the gross imports in 1868 was £42,045,500, and of the exports £46,787,700, which, with £16,620,700, goods passing in transit, made a total value of nearly £105,500,000.

Austrian trade is still shackled, and the wealth of the empire is as nothing compared with its capabilities; but there are great signs of improvement. A commercial treaty was signed with England in December, 1865, and with Italy in 1867, as steps towards freedom of commercial intercourse, the results of which have been beneficial.

The complex mercantile system of Austria has hitherto debarred her from blending her interests with and sharing the advantages of the German Zollverein. Austria would have enjoyed the benefit of direct and cheap transit through Germany, but the concession must have been reciprocated, and free entrance into the empire granted to the other German states. This was not easy, if it were possible, where every industry was protected, every town had its exclusive privileges, and every separate state its frontier dues. The jealousy of Prussia and the pride of Austria have also stood in the way. Nevertheless a limited participation in the privileges of the union has recently been conceded by Prussia, and has already proved of benefit to Austrian industry and commerce.

The value of the trade between the United Kingdom and Austria may be thus stated:—

	1860.	1870.
Exported to U. K.	£986,364	£1,104,662
Imported from U.K.	1,488,098	1,715,601
Total . . .	£2,474,462	£2,820,263

The year 1860 was the last in which the statistics of Venetia were included in those of Austria. It thus appears that Austria soon recovered from the commercial loss caused by the severance. The magnitude of this loss may be calculated from the statistics of Venetian trade. In 1861 the exports from Venetia to the United Kingdom were to the value of £527,946, and its imports from this country £230,814. In 1866 both items had but trivially increased.

Vienna is the industrial centre of the empire, and the chief market for the national manufactures. Although severely tried by political reverses, the capital has recently advanced in material prosperity. The export of manufactured goods nearly doubled between 1851 and 1862, and the production of fabrics approaches, nearly every year, the quantity required for home consumption. Vienna leather work is much in demand in England, and its neatly-made lucifer matches, in immense numbers, are known all over the world.

Pesth, the capital of Hungary, is the depot of the produce of that kingdom. Its situation on the Danube has secured to it all the benefit of the commercial freedom and improved navigation of that river. There are manufactures of linen, cotton and woollen goods, of machinery, implements of husbandry, chemicals, plated goods, glass, musical instruments, and paper, besides oil works and distilleries. Natural produce and manufactured wares reach Pesth from every part of Hungary, for distribution over Austria and the Continent, and enormous rafts of timber, consigned to distant ports, float thence down the Danube. Pesth has, besides, a trade in grain of all kinds, rapeseed, fruit, wooden articles, bricks, stones, salt, potash, alum, iron, copper, skins, furs, and cattle.

Cracow is the industrial centre of Gallicia. Situated in the midst of an agricultural district, its manufactures and trade are dependent thereon. It has now revived from the depressing influences of war, and its industrial works, of which the chief are the production of wax candles and chemicals, soap, and vinegar, clocks, watches and jewellery, steam engines, machinery, and agricultural implements, have resumed their normal activity.

Lemberg, the capital of Gallicia, manufactures on a smaller scale the same classes of goods as are produced at Cracow, with which city it is connected by railway.

Prague is the flourishing capital of the productive province of Bohemia. It is well placed for trade with both the German and Austrian states, with which it now also enjoys excellent communication by railroad. The prosperity of the city is primarily founded upon its varied and extensive manufactures of textile fabrics, glass, porcelain, and other industrial products.

Trieste (Illyria) is the principal port of Austria, and is growing in importance every year. Its exports for 1851 were of the value of nearly £10,000,000, while its imports exceeded £12,000,000. It maintains regular steam communication with Venice, Alexandria, Constantinople, and the ports of Greece and Turkey, conducted by the Austrian Lloyd's Steam Packet Company. Westward it ships Austrian produce to Marseilles and Great Britain, and receives in exchange much British, foreign, and colonial produce. Manufactures, similar to those of the empire generally, add to the resources of this prosperous town.

Ragusa, Gravosa, Fiume.—Ragusa (Dalmatia) is a seaport town, the inhabitants of which are chiefly engaged in soap works and ship-building. In the neighbourhood is the fine harbour of Gravosa. The trade of these ports is small, and the imports from Great Britain consist of little else than coal. Active commerce is confined to the Austro-Illyrian coast. In the present condition of the railway system of Austria, Fiume carries away from Ragusa the timber and minerals of Bosnia and the produce of Hungary, and, with Trieste, enjoys the first-fruits of the new system of free trade. The natural advantages of Ragusa are, however, so great, that with the completion of the system of Austrian railways, which will connect this port with the centres of industry, a revival of its former activity is anticipated.

CHAPTER XV.

GERMANY.

THE balance of trade against Germany during the French revolutionary period was considerable. From England alone the imports of the years 1795—97 were at the mean rate of £7,000,000 sterling against £4,250,000 of exports. A disparity of this kind would be rectified by the outflow of specie. Germany, not being a gold-producing country, would have been rapidly impoverished by such a circumstance, and trade would have tended to balance itself by a diminution of imports. The phenomenon is, however, explained by the system of subsidising the German states in time of war. England paid in subsidies, for the outfit of troops and other purposes, from 1793 to 1814, the sum of eighteen and a half millions sterling, shared by Austria, Prussia, Hanover, Hesse Cassel, Hesse Darmstadt, Brunswick, Bavaria, and Baden. Specie therefore came into Germany to flow out again; notwithstanding which the first decade after the outburst of the French Revolution, 1789—1799, was a golden age to many of the German cities. These subsidies must not, however, be regarded as generous gifts, or as bribes from the British Government to enlist the material aid of German states, but really as the most economical means, in the estimation of England, of adding to her active forces and bringing war to the speediest conclusion; the circumstances of our country rendering the organization of an army comparable to the huge levies of the Continent quite impracticable. Hamburg and Brunswick received an accession of inhabitants from the families of the rich, who fled for their lives from France; and when Holland, in 1725, was overrun by the French, many Dutch exiles brought their skill and fortune to Hamburg and Altona, by which means the business and wealth of these cities were materially enlarged. Through Hamburg colonial produce was introduced into the south-western states of Germany. Grain from the interior found an outlet by the same port, which was the commercial medium for a large and profitable interchange between Russia and Germany. Luneburg and Minden were likewise enriched by this Russian trade, and the trade in corn. Consequent upon this activity wealth began to abound, wages rose, house-rent, cost of transport, and prices of commodities, all became higher. Capital accumulated and was lent at low interest, to the encouragement of agriculture and manufactures. Sugar refineries, distilleries, and chicory-mills—the last due to the taste for coffee as a beverage—were thus improved or established. Tolls levied at Magdeburg and a prohibition against the export of grain, both from this port and Halberstadt, prevented to some extent their growth in wealth; but the vigour of the times overcame all obstacles, and even in these places manufactures of tobacco, chicory, sugar, and earthenware prospered. Leipsic fair came into greater prominence for the sale of Saxon wool, raw and manufactured, and of Lusatian linen. This city also possessed a flourishing transport trade, and did a good business in exchanges.

The transitory peace of 1802 filled Germany with illusive hopes. When the war commenced afresh in the following year, the trade of the Hanse Towns was cut off by France taking possession of Hanover, then dynastically united with England. Hamburg was also unable to trade direct with Great Britain, the source of its greatest profits, but held a circuitous intercourse by way of Denmark. Napoleon's continental system brought upon Germany still worse consequences. The most onerous oppression befell Prussia and Austria, for they had to maintain, during the years

1806 and 1807, the "Grand Army" of France. The weight of such a tax, imposed after Prussia had lost the battle of Jena, may be judged of when we bear in mind that cattle and horses and agricultural produce were very largely taken by the French, the Niemen districts alone being despoiled of eighty thousand farm horses in the single year 1812, and a war levy was made of £6,200,000, equivalent in Prussia to double the same sum in England.

Saxony and Central Germany did not feel the evil effects of the continental system so much as the maritime states. Their trade was before nearly confined to the home markets, which they relied upon now more exclusively. The Confederation of the Rhine, under Napoleon's protection, opened France to a good German trade, which was greatly stimulated by the incessant wants of his great armies. Saxony wool, improved by a cross between the Saxon and Merino breed of sheep, made beautiful cloth, which was in good demand. While it was possible to get raw cotton, the manufactures from that material also flourished.

On Napoleon's final overthrow the ports were once more open to shipping, and a busy traffic began. Hamburg, Bremen, and the other Hanse towns felt the beneficent change. The productive labour of Europe could not, however, revert to precisely the conditions which existed previous to the war. The German marts were filled with the manufactures of England, France, and Belgium, and with the raw products of foreign commerce. The German producers, on the other hand, had to find new markets, both for buying and selling, for they were superseded by England in their old spheres of business. Such markets were now open to them in Cuba, Hayti, Brazil, and the Spanish republics of South America.

British manufactures, which had improved in quality and diminished in cost, were the chief source of alarm to the forced manufactures of Germany. English cotton goods in particular gave no chance to those of the Germans, but the

German woollens were of such good quality that they were better able to withstand competition. Manufacturers of metals were wholly unable to hold their own against the influx of hardware and metals from England and Belgium.

In the war Prussia had been the chief sufferer, and after the peace her industry was benefited more than that of any other state. There had been no embargo under the French rule upon inland intercourse, and France, commanding the trade of every state, had suffered comparatively little; the embargo was solely upon the ports. The problem for statesmen at this juncture was what policy to pursue to keep up the prosperity of their respective countries in the presence of industries sinking and dying, through the superior facilities of production enjoyed by England. When France was reduced to its ancient dimensions, and political relations with the Rhinelands was severed, there was no longer any community of interests between the two. Rhenish Prussia was, therefore, when France decreed protective laws, bereft of its commerce at one stroke. Prussia retaliated with the same weapons, and soon succeeded in decreasing her imports and obstructing the progress of all the states of Germany. Every state, large and small, followed the example. Tolls were levied upon goods at every frontier. The only limit to the exactions of the states was the chance of losing their whole transit trade; and with some of them this danger weighed but little. Saxony found its continental trade sink to nothing, and sent its cotton and woollen cloths, by way of Hamburg and Bremen, to the United States, Brazil, and the Spanish republics.

Manufactures could scarcely revive by such means as these. The produce of labour was consumed in each state and kept within this narrowest range of interchange. An excess of labour was expended in production; interchange, which sets the limits to division of labour, was retarded; competition, which stimulates excellence, was removed. There was loss at every stage of production, distribution, and consumption. This loss was multiplied by the number of protected industries and of states "enjoying" protection, and by the number of years the system lasted. The effect of this policy upon England was the reflex of its effect upon the German states. From 1820 to 1825 complaints were loud and deep that the English demand for grain from Germany had ceased, owing to the prohibitory duties imposed upon foreign imports, a course resented by the Germans as destructive of what was to them their staple foreign trade. This resentment was with some show of reason mutual, for England felt it as much a grievance to be shut out from the German markets as Germany did to be swamped by British manufactures. From 1826 to 1830 England was obliged to admit foreign corn to avert famine. Most of the supplies came from Germany, and fetched a high price. The profits upon agriculture were so large during these years that it turned the attention of the Germans more than ever to that branch of industry, attracting investments of capital and raising the price of estates.

Germany was incidentally benefited by the separation of Belgium from Holland. For several years after the revolt, there being little commerce between the severed kingdoms, the Dutch sought in Germany many articles formerly obtained from Belgium. Cotton stuffs, and, more extensively, woollen cloths, from the Rhine-lands, were thus procured. Rhenish or Rhoer coal was another German commodity supplied to the Dutch, in increased amount every year. England, too, shared in the coal trade with Holland, which was entirely withdrawn from Belgium. Belgium, in turn, with independence, began her plodding industry, and required German wool for her manufactures. Saxony wool commanded an increasing market in England also, and was not excelled by the produce of any other pastoral country. Manufactures and agriculture improved in consequence, and the population, especially in Prussia, increased. Enlarged commerce caused the irksomeness of manifold tariffs at length to grow unendurable. The smaller states envied Prussia her extent of territory, which enabled her to secure so large an amount of the carrying trade, while that kingdom had to employ an army of preventives at a great cost, and with but little effect, to guard the frontiers and keep down smuggling. An illustration of the vexatious complexity of German international law at this time is afforded in the publication of an edition of Goethe's works, to secure which from piracy throughout Germany the publisher found it necessary to seek a special privilege from thirty-eight different governments. Such hindrances to intercourse led to various efforts to unite the interests of the states, and thus simplify the working of the tariffs. Some trade stipulations had been made at the Congress of Vienna in 1815, but the first serious attempt at a customs union was made in 1819, and other efforts followed from 1823 to 1828; the great commercial league into which the smaller associations merged was suggested by Prussia in 1831, and on 1st January, 1834, its administration began under the name of the Zollverein, or Customs Union of Germany.

This famous convention settled a common basis of import, export, and transit dues, levied on its own frontiers, and abolished all internal customs and custom-houses. Free communication was established between all the members of the union, and the proceeds of the tolls, taken once only, were divided among the different states according to their population. Finally, a common system of money, weights, and measures facilitated commercial intercourse.

While the Zollverein is intended to develop the internal commerce and industry of Germany, the Rhenish West Indian Company, founded in 1821, provides a beneficial outlet for the foreign trade of the Northern and Western German states; and the Elbe American Company performs the same service for Saxony and Bohemia. The items of this commerce are, besides products of manufacture: exports—wool, corn, wine, wood, iron, lead, tin, vitriol, honey, wax, leather, horses, cattle, and bristles; imports—wine, spirits, fish, cheese, skins, tar, oil, tallow, leather, potash, iron, sugar, coffee, tea, cocoa, vanilla, rice, spices, drugs, cotton, and silk.

II.—THE ZOLLVEREIN.

Prussia first entered into treaty with Hesse-Darmstadt. The Mittelverein then became incorporated with the Zollverein. Bavaria, Hesse-Cassel, and Wurtemburg joined unwillingly, impelled thereto by the voice of their people, who looked upon the union as a step towards the realisation of their dream of a common Fatherland. Reuss and Schwarzburg, surrounded by the Prussian dominions, early adopted the Prussian system of tolls, and were amongst the first adherents to the new principles of union. Between 1831 and 1833, Saxony and the whole South German and Thuringian Union, formed upon the Prussian pattern, gave in their adhesion. Baden and Nassau, in 1835, and the free city of Frankfort, in 1836, entered the Zollverein. In 1841 Brunswick, and in 1842 Luxembourg, completed the league, which then included an area of 8,200 German or 175,000 English square miles, and controlled a population of 28,000,000. Austria and the parts subject to Austria, together with the Hanse Towns, for various reasons declined to be members. Every constituent state of the Zollverein collected the dues on its own frontier, charging the cost of collection to the common fund. Many states delayed joining, in the belief that they would lose rather than gain, a belief which has doubtless proved correct. Others did not like to merge their individuality, trivial as it was, in that of the convention, and were encouraged in a sort of independence by England and France.

Prussia made considerable sacrifices in order to conciliate the numerous German states, whose predilections for

Austria, jealousy of Prussia, or fears of self-immolation, caused them to hesitate in joining the league. Thus, by the stipulation of proceeds according to population, Prussia should have received three-fourths of the tolls, but accepted five-elevenths. A census was arranged for every three years, and commissioners from every state were appointed to examine the result of each census, and to modify the details of the division of toll and other administrative matters, in accordance with the principles of the treaty of union.

This great measure of a customs union is to be regarded less as a work of high-minded statesmanship than as a skilfully devised piece of commercial machinery, to economise the collection, and to swell the sum, of the revenues of Germany. A new tariff of duties on foreign manufactures was issued, of a still more prohibitory character than had before existed, but raw produce suitable for home industries was admitted nearly or quite free of duty. England and France, sensible of the injury that might result to their manufactures, viewed the institution with dislike, and would have exercised a more powerful influence against it, had not public opinion in the German states pronounced in its favour.

The King of England, in the early years of the Zollverein, was also ruler of Hanover, which, as a consequence, was treated by the Zollverein in the light of a foreign power, and subjected to a heavy tariff, that put an end to the active trade it had hitherto enjoyed with the several states. Austria in the same way found herself shut out from trade with the rest of Germany. The loss was most serious in regard to the wares of Bohemia. On the other hand, the organization of the Zollverein laid Austria less open to loss from contrabandists, and so partially compensated the empire for the diminution of its legitimate traffic.

Hesse-Cassel, Hesse-Darmstadt, and the Palatinate profited by the union both in their husbandry and manufactures. Tobacco-planting was successfully introduced, foreign tobacco being kept out by excessive dues. Carpet and paper-making, woollens and leather, the principal industries of these states, were much developed, from the freedom of transit over a larger area.

Hamburg and Bremen, from their association with Hanover, declined to become members of the Zollverein, and thereby lost much of their trade; notably that in foreign wines, which had been exclusively theirs, and which was now banished from Germany by prohibitive duties in order to encourage home growths. Both cities had extensive sugar-refineries; but this commodity, too, was placed under a ban, because it was of foreign growth, and the refineries therefore lost nearly the whole of their German trade.

Political disturbances between 1848 and 1853 proved nearly fatal to the existence of the Zollverein. Austria desired to establish a prohibitive system throughout Germany, declaring that Prussia aimed at absorbing the minor states through the Zollverein. At the meeting of the German Diet in 1849, Austria urged that, for the carrying out of the nineteenth Act of the German Confederation, a common toll-union should be established for the whole of Germany and Austria; she also expressed the desire that the other states of Central Europe should be allowed to join it, so that a market should be formed for at least seventy millions of consumers. Prussia declared that before these views could be entertained, Austria must first do away with her prohibitive tariff and the disintegrity of her various states, and then notified to the states of the Zollverein that the treaty of 1842 must come to an end on the 1st of January, 1854; intimating, however, explicitly, that she was ready to enter upon a new treaty. Prussia had already on her own responsibility formed a toll-union with Hanover, Oldenburg, and parts of Brunswick. In November, 1851, Austria, in her turn, abolished her prohibitive system by an unexpected stroke, established the protective toll-system, formally united herself with Hungary, and invited the other

German states to deliberate upon the principles of a toll-treaty. Prussia refused most energetically to join the meeting, declaring that she must first consult her old allies on the continuance and re-organization of the Zollverein, and that it was only after their deliberations that negotiations with Austria could be entertained. The smaller states were undecided as to which side to take. The old prejudices against Prussia were revived, the allurements and promises of Austria adding to the general discontent. At a special congress at Darmstadt they passed the resolution, (and notified it to Prussia), that at the approaching conferences on the reconstruction of the Zollverein, the admission of Austria and Hanover should likewise be discussed, adding that they (the minor states) had as good a right to negotiate with Austria as Prussia had with regard to Hanover. The negotiation opened at Berlin for the purpose of concluding another treaty consequently failed. Finally Prussia issued an ultimatum, in which she declared that, if the German states could not meet her views, the Zollverein should cease. This unexpected decision created much excitement in nearly every part of Germany. The commercial classes demanded with one voice that the Zollverein, which had for so many years proved a blessing, should be upheld, and that, if there were defects or imperfections in it, they might be corrected. Happily, a meeting between the young Emperor of Austria and the King of Prussia averted the impending disaster. Prussia gave in on the main points, and agreed that a treaty with Austria should be concluded simultaneously with the renewal of the Zollverein. The treaty which Prussia had made with Hanover was afterwards formally adopted by the coalesced states, so that, from January 1st, 1854, the Zollverein has included all the states of Germany with the exception of Holstein, Mecklenburg, Limburg, Hamburg, and Bremen. Austria and Lichtenstein, although not forming integral parts of the Zollverein, are in close connection.

The Zollverein, according to the Census of 1867, comprises a territory of more than nine thousand geographical square miles, with a population computed at over thirty-eight millions. Since the realisation of commercial freedom, German industry has increased in an unprecedented degree, and, to a certain extent, competes successfully with that of Great Britain.

The character of the foreign commerce of Germany has entirely changed. Instead of exporting raw materials only, she sends out the products of her own manufacturing industry, creating a market abroad which keeps her actively employed at home. The German woollen manufacture has recovered the ground lost in the Middle Ages, and its fabrics at present form a chief part of the Zollverein exports. The manufacture of cotton and silk has made equal progress, although the materials have to be imported. The linen trade has not yet been able to compete with that of England, but in steel and iron goods, in glass, paper, and silk manufactures, in pottery, stoneware, and porcelain, in chemicals, the refining of sugar and beer, Germany abundantly supplies her own wants, and yet reserves a surplus for foreign interchange. The mercantile marine in 1871 consisted of five thousand one hundred and ten vessels, whose burden was about 1,300,000 tons, which was half as much again as the tonnage of the French merchant-navy.

The foundations of the Zollverein are broadly and deeply laid, and Prussia has rendered herself illustrious by her firmness and constancy in those principles of national equity upon which commercial intercommunication between free and enlightened nations is now based.

In the commercial treaty of Prussia with France, made in the name of the Zollverein, August 2nd, 1862, the thirty-first article runs thus:—"Each of the high contracting parties is mutually pledged to favour the other, and exercise moderation in the levying of entrance or departure tolls on objects mentioned in the present treaty, whether registered or otherwise. They hold themselves also responsible towards each other to place in force no import or export tolls, or prohibitory duty, which is not at the same time levied by other nations. The high contracting parties also pledge themselves not to forbid the export of any kind of coal."

This treaty offended Austria, whose hopes of individual advantage were thereby frustrated. It was only the intensity of German desire for a united fatherland that prevented the dissolution of the Zollverein. In the end, by the Berlin treaty of the 8th July, 1867, the reconstitution of the Zollverein was agreed upon for ten years, to terminate 21st December, 1877. The great political changes that have since united the whole of Germany, under the lead of Prussia, have removed from the domain of debate all further question as to the continuance of the Zollverein. Yet we cannot fail, incidentally, to observe that Germany furnishes indisputable proof of the benefits of free commercial intercourse. While broken up into many minor states, she thought to promote general well-being by the selfish isolation of each state and a multiplicity of tolls. Now, the truth is universally accepted that no state suffers, and that each one benefits, by free intercommunication. The productive powers of the soil, the geographical limits of the country, the climate, and the general physical conditions, meanwhile remain the same; political relations only have changed. These facts have created a belief that the Zollverein would reap further advantages by the extension of its principles to other commercial countries; and during recent years the following treaties have been negotiated :—

Country.	Came into force.	Continuance.
France	July 1, 1865	Dec. 31, 1877.
Austria	January 1, 1866	July 1, 1875.
Belgium	May 22, 1865	June 30, 1877.
England	July 1, 1865	June 30 1877.

International treaties have recently been signed also with Holland, Switzerland, and Italy. The effect of the provisions of the Zollverein upon the nature and proportions of German commerce, may be gathered from the subjoined statistics of the present state of trade.

Imports.	Exports.
Raw materials, 37 per cent. of value.	Raw materials, 17 per cent.
Materials for manufactures, 24 per cent. of value.	Materials for manufactures (unfinished), 12 per cent.
Perishable goods, 29 per cent. of value.	Perishable (agricultural produce, &c.), 19 per cent.
Manufactures, 10 per cent. of value.	Manufactured goods, 52 per cent.

III.—GERMANY (concluded).

Happily for the German ports, the coast-line of the country is too limited for any maritime harbour to be neglected. Hamburg and Bremen, even when not members of the Zollverein, were essential to German commerce. Independent of the recent additions from Denmark, there are only 140 miles of coast on the North Sea, 330 on the Baltic; and 160 on the Adriatic in the south, making in all 630 British miles. Hamburg therefore necessarily continued to export many German wares, particularly woollen and linen cloths and metals. Bremen was the great port of departure for German emigrants, whose number created a profitable and continuous stream of trade.

Hamburg and Bremen, with no natural resources, no raw produce, being only commercial and manufacturing cities, had thus to combat the policy of the period. No higher testimony to the intelligence, activity, and business knowledge of the merchants of these cities could be given than that they kept their ground under such adverse circumstances, and even made advances in commerce and wealth. Obstructed at home and in other parts of Europe, their trade crossed the Atlantic, where, notwithstanding the competition of England and France—the former ever increasingly formidable—new connections were formed. Bremen obtained return cargoes for its emigrant ships from the ports of the West Indies. Hamburg, chiefly occupied in the German export trade, found freights in exchange for manufactures in the raw produce of Brazil and Cuba.

The great commercial depression in the United States, which began with the year 1836, checked the influx both of emigrants and manufactures; but bad harvests were coincident with the financial crisis, and these created a compensatory traffic in German corn, an extraordinary quantity of which was sent to America. In 1839 and the succeeding two years, when this demand had subsided, a renewal of the British demand, exceeding any before experienced, gave unexpected prosperity to Hamburg and Bremen, and enriched also the ports of the Baltic.

The trade in corn, nevertheless, varied with the harvest, the season, and the fiscal laws of the purchasing countries. Various causes tended to diminish the general exports of Germany to England, so that when the corn trade fell off the total commercial loss was very great. England began to be supplied with wool from the Cape of Good Hope and Australia, and the produce of Saxony was less in request. France made no increase in her demands for wool, and the trade after 1842 began to dwindle away. Linen yarn too, large quantities of which had been sent from Germany to England so late as 1825, was now produced in every part of the United Kingdom, though to a less extent in England than in Scotland and Ireland. Indeed, owing to the use of superior machinery, the state of the trade became reversed in a few years, and more yarn was sent to Germany than ever Germany had sent to England. The decline went so far at length that only a few minor commodities such as linseed, rape seed, clover seed, and butter, showed an increased export.

German intercourse with Russia was at one time considerable, and formed an important element in the trade of Lübeck and the German ports of the Baltic. The manufactures of Germany enter the country by way of St. Petersburg; but owing to the severe restrictive policy of Russia, Germany now sends scarcely any manufactures to St. Petersburg, except a few silk stuffs and threads. A small quantity of wine, sugar, coffee, and other colonial produce, is sent, likewise, chiefly by Hamburg. During the Crimean war, Prussia became the great highway of interchange between Russia and the belligerents. Nevertheless the export trade was difficult, while imports were in such demand that the exchange against Russia more than compensated for the enhanced cost of transit of its own raw produce to the Baltic Prussian ports. Many consignments to German houses of goods destined for Russia are still made from England, and elsewhere, and Russian produce still passes through Prussian ports to the Atlantic States of Europe. A smuggling trade is actively pursued on the common frontier of the two nations.

Trade with Norway and Sweden is of meagre extent and almost confined to consignments of East and West India produce. With Denmark, no port, save Hamburg, holds trade communication, nor was there ever a commerce of any moment between the two countries.

German commerce expanded, as we have already seen, by the transfer of the Dutch trade from Belgium. Holland took from Westphalia and the Rhenish provinces fabrics of linen, cotton, wool and silk, coal and hardware; and also grain, hemp, rape seed, oak-bark, timber, and other produce of the soil from Central and South-West Germany. When peace was restored between the two divisions of the Netherlands, the Dutch demand diminished for a while; but in the course of time it more than regained its original dimensions.

Germany might have studied the economic effect of restrictive laws by the light of its commercial relations with the Spanish peninsula, the great mart for German linens throughout the eighteenth century. The Iberian kingdoms, having neglected their home industries, were in the same position as those northern states in which new industries were but just established. Protection brought about a cessation of imports from Germany. England, possessed of Gibraltar, evaded the law by wholesale smuggling. Germany had no such facilities. If the policy of the Zollverein were to provoke retaliatory laws, and foreign trade were to cease, as in Spain, the resulting advantage to native industry would be dearly bought indeed.

In Italy, Saxon cloths found ready buyers at Leghorn, and linens of German manufacture pushed their way into Naples and the Papal dominions, although almost shut out by high duties, and by having to pass through the unfriendly territories of Austria.

Commerce between Germany and the Levant, at one time important, has decreased. Saxon cloths were the chief item of export, and their excellence gave them an advantage over even British cloths.

A reciprocal ill-feeling between Belgium and the Zollverein in 1842, led to the imposition of high duties upon their respective raw and manufactured products. This plan was tried for two years, when it was superseded by a treaty of commerce in which mutually advantageous concessions were made, and which has worked well.

German progress has been seriously affected by the events of recent years. A great part of the Continent was in a state of revolution in 1848, and Germany was so violently disturbed that industrial labour almost ceased. Political commotions bearing on German unity, the war in 1857 between Prussia and Austria, and the cession to Italy by Austria of the Lombardo-Venetian kingdom, have in turn inflicted heavy blows upon industry and commerce. The vitality of Germany has, however, overcome these drawbacks. Petty jealousies are in a fair way of yielding to a spirit of nationality, and a tendency towards both political and commercial freedom is manifested. We may trace to the co-operative spirit of the Zollverein the recent development of Germany. By keeping up free intercourse amongst the states, it became necessary to improve continually the means of communication, with a view to cheaper and quicker transit. By the formation of a railway system connecting every part of the Confederacy, foreign trade was made as easy for distant inland districts as for maritime towns. The railways of the adjoining countries equally promoted foreign trade. One result of the junction of the railways of Germany and Belgium is that Ostend has obtained an accession of business, and is used by the Germans almost as one of their own ports. The same result of sharing in the traffic of Germany awaits the railways of Holland now being rapidly pushed forward. Nature has provided Germany with a splendid river system, and art has adapted the water-courses to navigation. An immense number of steamers navigate the Rhine and other rivers, and the freedom of Dutch trade enhances the value of this means of traffic. A great part of the colonial produce consumed in Germany reaches the interior by the rivers, the mouths of which are in Holland, whither it is brought by Dutch merchantmen, and sold at auction by the Netherlands Trading Company. Cologne, Dusseldorf, Mainz, and Elberfeld, along the Rhine, flourished through this trade, which is of greater importance probably than that brought into existence by the railways.

Holland, enjoying the prestige of an old commercial nation, contested with the Germans the same routes and constituents of trade. Holland obtained coffee from Java, Hamburg from Brazil, and the supply kept pace with a yearly increasing demand. The German ports were equal to the occasion, and far from declining, as was predicted, their trade expanded.

Among the Germans, the desire of late years has been to depend more upon excellence of workmanship, and less upon artificial tariffs, for the extension of trade. Science has come to the aid of the handicraftsman's skill. German chemists have thrown new light upon agriculture, and have increased its products of food and fibres. They have also placed Prussia amongst the foremost countries for the brightness and purity of its dyed cloths. Distillation is extensively carried on, and beetroot sugar, of which only 5 lbs. per head were consumed in 1850, is now manufactured in quantities admitting of double that consumption. Mechanicians have contributed to the improvement of machinery, and have endeavoured to make its manufacture possible at home. Journeys to England, France, and Belgium have been undertaken for this purpose; and English factory foremen have been attracted by high pay to take the management of German establishments. A marvellous impetus has been given to the cotton manufactures. Spinning factories have increased in size, and new ones have been erected. The manufacture of silks has undergone a surprising development since 1840. Mining has grown into a very important industry. Iron to the value of £6,500,000 sterling was smelted in 1861 in Prussia alone; and in 1865 the value had risen nearly to £9,000,000, owing to the increased demand for railways and for machinery. At one factory in Berlin a hundred and forty-two locomotives with their tenders were turned out in 1865, making two thousand constructed by this firm. Grain, the foundation and mainstay of German commerce, has never been, since the repeal of the Corn Laws, an intermittent but a continuous and expanding export. Cattle-farming is not less flourishing and progressive.

Seeds of various kinds, timber, hemp, bark, dye-stuffs, turf and fruit, wool, stone, lime, pipe-clay, coal, lead, zinc, and other metals find their way by the Rhine to Holland, accompanied by the manufactured goods of the larger Rhine towns. Return freights from the Netherlands are composed of coffee, sugar, spices, tea, rice, indigo, cotton, exotic dyes, tobacco, drugs, madder, linseed, hides, tallow, herrings, train-oil, and tin.

An essential element in the prosperity of Germany is her system of education. There is scarcely a province which does not possess a state school, for the special purpose of educating its pupils in the principles of trade or commerce; so that when the young volunteer joins the industrial army of his fatherland, he is already equipped with educational arms of precision and prepared for intelligent labour.

The termination of the war between Prussia and Austria, resulting in the formation of the North German Confederation and the establishment of the preponderance of Prussian power, has marked a new era in the commercial as well as in the political history of the German states. The present condition of the chief trading centres will illustrate this fact.

Berlin is the greatest wool market of Prussia. Its industries are extensive and improving. The most important are the iron works, machine and carriage factories, coach building, cloth and silk manufactures, woollen, cotton, and linen and carpet making. Large imports from Hamburg and other parts comprise raw cotton, yarn, dyewoods, saltpetre, sulphur, pig-iron, oil-seeds, raw hides and skins, foreign woods, colonial produce, oil, resin, coals, and cattle. The exports from the surrounding province of Brandenburg are cotton and woollen goods, chemicals, iron, steel, zinc and wooden wares, corn, glass, beer, brandy, molasses, raw sugar, oil and oilcake, paper, pottery, porcelain, cattle, and printed books. The Bank of Prussia, at Berlin, founded in 1765 by Frederick the Great, transacted, previous to the Franco-German War, a vast monetary business, representing in 1866 the sum of £570,900,000. The net profit amounted to £450,000, of which rather more than £200,000 accrued to the Government.

Aix-la-Chapelle ranks high amongst the secondary industrial communities of Prussia. There are productive mines of iron, zinc, and lead in the neighbourhood. Two coal fields exist on the Rhine, having fifteen pits at work, from which coal is so readily obtained that the export to France threatens to supersede the supplies from the English mines. Many manufactures engage the inhabitants, and this city is besides one of the chief commercial marts on the Rhine, importing goods by rail as well as by river from the Netherlands and from France.

Frankfort on the Maine is a centre of railway communications, and is favoured by the navigable character of the river upon which it is built. It carries on a monetary business, and has manufactures of silk, cotton, wool, and linen, and a large trade in wine, skins, hides, and colonial produce.

Hamburg and *Bremen* were long the sole examples of free European harbours, and necessarily drew a large trade. They have ceased to be free cities, as a consequence of the Austro-Prussian war. The position of Hamburg as a trading port is invaluable to Prussia, and its commercial ascendancy is ensured rather than destroyed by the recent political changes. Although this city possesses valuable manufactures, its wealth mainly depends upon its business as a transit port. Freedom of trade is therefore essential to its prosperity, and this will probably be secured to it as well as to Bremen. Hamburg has a large mercantile marine of its own, and carries on an active trade with every part of the world. It is the grand outlet of German produce, a branch of its commerce which, with one system of tolls as well as of money, weights, and measures throughout the Confederation, promises to see a rapid extension. Its commerce with the United Kingdom is also very extensive.

Kiel, situated upon a splendid harbour, had, while it was the port of a small duchy, none of the chances of development which it has now obtained by its incorporation with the Prussian dominions. Its exports of grain are large.

British manufactures are imported for consumption in the Duchy of Holstein. Wood and turf being dear at Kiel, a considerable trade in English coal has arisen. Several ship-building yards are in active operation, and various factories, worked by steam-power, have lately been erected.

Memel, Königsberg, Dantzig, Stettin.—A large part of the commerce of these important Baltic ports is with Great Britain, amounting occasionally to fifty per cent. of the whole trade. The constituents of interchange are in a measure common to them all: the principal exports consisting of cereals and timber. The imports are coal, almost exclusively from the United Kingdom, metals and hardware, and a miscellaneous assortment of goods. All these towns possess manufactures and large industrial works, while by railway and river communication they are enabled to gather for export to England and other countries the produce of a wide inland area. *Memel* is specially noted for its amber trade. This beautiful fossil resin is obtained from the coast of East Prussia, generally in the Frische and Curische Haffs, by means of nets drawn through the water, by digging in the sands, and by dredging. This last method has proved most productive, and the quantity gathered has increased in amount yearly since it has been generally practised. In 1866 there was thus obtained amber to the weight of 73,000 lbs., and in 1867, 83,000 lbs. Much of it is sent to England, where it is reshipped to Africa, India, and China. The largest piece yet discovered weighed five pounds, and was valued at four hundred Prussian thalers. Amber is also a valuable element of the trade of Dantzic.

CHAPTER XVI.

UNITED STATES OF NORTH AMERICA.

THE rise of a great nation in North America, in the latter half of the eighteenth century, destined to put its mark upon the politics, the commerce, and the civilisation of the world, was an event as important in its consequences as the French Revolution. As British colonies, the states—afterwards confederated—had, separately, little voice in Europe, and but little credit or trade. Even this little was destroyed before the War of Independence was brought to a successful issue.

With the Anglo-Saxon love of order and genius for government, the states associated to form a power of imperial magnitude, taking rank at once as an equal amongst the ancient kingdoms of Europe. Had they, like the Spanish republics in the succeeding century, assumed an attitude of independence towards each other, they might have remained insignificant. With union came strength, and to join the Confederation became the ambition of adjacent States. There are now (the nine Territories included) more than three times the number of states that joined in the first government; but the original number, thirteen, is still commemorated in the stars and stripes upon the American flag. A congress was held at New York in 1765; but a formally settled government, with General Washington as first president, was not organized till the year 1789. The intervening time witnessed the rise, progress, and success of the American Revolution. A Declaration of Rights was issued by an assemblage of deputies from the various states, at Philadelphia, in 1774. America was declared free, sovereign, and independent in 1776. A federal constitution was formed in 1777, and accepted by all the states in 1781. Peace with Great Britain was signed in 1783.

The growth of the United States, in power, extent, population, and wealth, is an unprecedented phenomenon. It was only while the war proceeded that the names of the states became familiar to Europe. Cut off from supplies during the struggle with the mother country, the colonists were thrown upon their own resources for all the necessaries of life. They had hitherto devoted themselves to husbandry, and trusted to England for manufactures, in exchange for the produce of the soil. Now they were compelled to manufacture for themselves, and thus they laid the foundation of the handicrafts which, at the present day, employ nearly a third of the population.

With good administration came foreign confidence and interchange. Grain and flour, or bread stuffs, were the first commodities sent to Europe, especially to Spain and Portugal. New outlets for produce hitherto absorbed solely by England gave an impetus to cultivation. With a rich, virgin soil, the rudest agriculture returned abundance, sufficient shortly to furnish food for the world. Ships were required to carry on the fast developing commerce, and boundless materials for ship-building were at hand. This, therefore, became one of the earliest and most valuable industries. Provision for the maintenance of manufactures was made by protective duties, an incipient stage of that domestic policy of the states which has been a cause of discord, between the North and the South. The Southern States were the most fertile, and possessed the doubtful advantage of slave labour. The cotton-plant was introduced into Georgia in 1786; the first cotton-mill was erected in Rhode Island in 1790. The Southern States, restricted to husbandry, were desirous of getting manufactured goods, in the cheapest markets, in exchange for the produce of their plantations. They were, therefore, free traders, and strongly opposed to the protective tariff forced through Congress by the Northern States, which, placed at a disadvantage both in the matter of climate and of labour, sought the support of protective duties as a means of fostering their manufactures. Slavery and trade protection became intolerable grievances, for several generations kept from collision only by the dread of consequences, yet so interwoven that the recent civil war resulted principally from conflicting opinion on these points. The crucial question to be decided in the struggle, and one momentous in both worlds, was, "Shall capital *own* or *hire* labour?"

Raw produce was varied and exuberant; motive power in the shape of rivers and torrents was unlimited. All that was wanted was population. Labour being scarce, labour-saving machines naturally suggested themselves to an ingenious people. Saw-mills multiplied wherever timber afforded materials for house and ship building, and wherever the streams furnished motive power to shape it, and means of transit to places where it could be utilised. Agricultural implement-making was equally forced upon the Americans in their husbandry. The economy of labour in this division of industry which they have devised, will bear comparison with the triumphs of English genius in machinery. Steam applied to farm work in America has resulted in so many skilful inventions, that some of the best farm machinery in England is of American origin. Cotton, soon after its introduction, began to be spun and woven at home as well as exported raw. The products of the loom could not for many years compete with those of England in fineness, even if they yet do; but they were stronger and more durable, and were often preferred in the foreign markets. Woollen and linen manufactures were also attempted, at first on a small scale, but afterwards more extensively. Hemp and flax grew abundantly, and furnished material for sacking, cordage, and sailcloth. Cotton has a good deal superseded the finer fabrics of linen. Leather was soon an important native manufacture. The distillation of rum differed from other industrial pursuits, in that sugar, the raw material, had to be obtained from the West Indies, and not produced at home. The manufactures of iron and glass, from small beginnings, have risen to an important place amongst the productive industries. Lastly, paper-making, one of the humble attempts of the young republic, has taken firm root; and is so flourishing, that the annual produce is of immense extent and value.

Fisheries have always been vigorously prosecuted by the United States. The principal are the cod fishery of Newfoundland, the mackerel, and the whale fishery. The latter is carried on in the Southern and Pacific as well as the Arctic Oceans. Train-oil and spermaceti, seal oil and skins, are the valuable produce of these enterprises. About 1,800 American ships, of a gross burden of 130,000 tons, used to be employed in whaling, but the fishery has greatly declined, for in 1870 only 288 vessels, of 69,372 tons, were employed.

The French Revolution helped the United States to the first great expansion of their trade. As the kingdoms of Europe, involved in continual war, lost their commerce, America took it up. Between 1790 and 1800 a mercantile fleet arose, trading freely with the Dutch, French, and Spanish colonies, in the East Indies, and increasing an intercourse with Cuba and other West India islands. The marvellous increase of the sugar trade at this epoch will give an idea of the growth of the commerce of the Union—

Date.	Sugar received from West Indies.
1791	75,000 lbs.
1792	1,000,000 ,,
1793	4,000,000 ,,
1794	17,000,000 ,,
1796	35,000,000 ,,

For the time being, the world's trade seemed to fall into the hands of the Americans. Europe was for several years almost wholly supplied by them with colonial produce. Russia, Sweden, Germany, and even England, availed themselves of the merchant service of the New World, both for interchange and in the carrying trade. For this last branch of commerce no country had equal facilities. American vessels, being all home-built, were exempt from the cost of foreign chartering; while the profits of the service attracted the best energies of the Union, and there was no lack of sailors. A comparison of the tonnage of the ships sailing between the United States and England, at an interval of about twenty years, will show the activity of the American dockyards.

TONNAGE OF VESSELS ENGAGED IN THE BRITISH AND NORTH AMERICAN TRADE.

Year.	British Vessels.	American Vessels.
1789.	72,000 tons.	21,000 tons.
1808.	14,000 ,,	110,000 ,,

Still American trade did not continue without fluctuations or reverses. With the Peace of Amiens it appears to have received a great check; and the commerce of Europe returned to its former condition. When peace was broken next year, America was again in the ascendant until the promulgation of Napoleon's Berlin decree, when England seized as prizes so many vessels attempting to break the blockade she had established at every continental harbour, that the American Government, to save further loss to its subjects, placed an embargo for one year upon the shipping in its ports; and when it was removed, but few ships ventured out. A partial resumption of the European traffic took place, in the years 1809 and 1810, with the German and northern ports; but in the succeeding years, till 1812, all traffic was again suspended.

A high-spirited nation like America could not, without a feeling of resentment, brook such injuries as England had inflicted upon her commerce and shipping: in 1811, therefore, the United States Government retaliated by prohibiting the entry of British goods into the republic—a step which, for ten months of the year, reduced the imports to nothing. A hasty declaration of war against Great Britain followed almost immediately, in 1812, just when the obnoxious English Orders in Council were revoked. Leisure for repentance lasted over three years, during which interval vast damage was done on both sides, and material advantages were gained by neither. The great sums that England had annually sent to the Union for the purchase of corn and flour were spent upon the war, and those superfluous commodities remained in America. This was a self-imposed and severe loss to the United States. Tillage had spread over a wide area, and the produce had increased with the increase of foreign trade. It was thus an interference with prospective increase as well as present profit; and this not alone in corn, but in cotton also, for the cultivation of which the climate and soil of the Southern States had proved wonderfully adapted, and which had begun to figure as an export. The loss was severely felt, too, by the Western States, whither the Government had tempted settlers with the offer of large tracts of unreclaimed but rich lands, many millions of acres of which still awaited the husbandman.

When this war withdrew the stimulus from American husbandry, and foreign commerce was at a standstill, people's minds were thrown back upon manufacturing industry, and efforts were made to further its development. A heavier tariff on all manufactured goods (which meant English goods) was imposed. Superior machinery was invented for the manufacture of the raw substances of the country, especially the cotton of the South. Inland communication was facilitated by the construction of better roads, by the utilisation of the rivers, and by the introduction of steamboats. Fulton, in the year 1807, started a steamboat on the River Hudson, which plied between New York and Albany; and by 1810 steam-boats were a common means of transit on the American rivers and lakes. This was their first practical application on a large scale, although experiments had before been made on the Thames, the Clyde, and by Fulton himself on the Seine. The first steam-vessel was in use at New York, for the purposes of trade, in the year 1815—earlier than any were built in England.

A treaty of peace between Great Britain and the United States was signed at Ghent, December 24th, 1814, but before it was ratified in February, 1815, the British had been repulsed from New Orleans, and on the other hand the British ship *Endymion* had captured the *President*, an American ship of the line. A senseless war, to which the New England States had always been opposed, even to the point of secession, then came to an end, and about the same time war in Europe ceased with the battle of Waterloo. International commerce now took the place of martial strife, and there ensued a long pent-up peaceful rivalry in the race for wealth. A young and vigorous state like that of America found its advantage in competing with the exhausted kingdoms of the Old World. Its vessels filled every harbour in Europe, and found their way to all parts of the world. Much was done in the spirit of adventure, and loss was often entailed, but experience was gained thereby, and the sum of results showed a balance of profits. New paths of commerce were opened for American exports, and new imports were introduced.

The exports of cotton to England showed a remarkable advance. In 1809 the number of bales exported amounted to 14,000, and in 1819, to 175,000. The staple export of flour found markets in the West Indies, Mexico, and South America. Furs and sandal-wood were exchanged in China for tea, some of which was again exchanged in Europe, at a second profit, for German goods. The direct export trade to Europe was exceedingly large, grain, cotton, rice, and tobacco forming its chief items. A great deal of this was paid for in specie, the Union having an abundance of raw material already, and the law obstructing the admission of manufactured goods. Specie therefore accumulated, and the amount was increased still more by the payments for land sold by the Government to the settlers, who arrived from Europe in larger numbers every year. Capital was thus brought into circulation, and industrial as well as commercial enterprise was promoted. The ambition of the New England States to become manufacturers received, however, checks from English rivalry. Against the competition of England they found it difficult to contend, not only in foreign markets, but even on their own ground at home.

The American Union received some advantage from the European crisis of 1825. When external commerce declined, inland trade was developed. Canals were dug, and roads were opened; and grand routes of communication with the great Far West diverted much of the produce of those distant territories from New Orleans to New York; objects for which this last state alone expended 8,000,000 dollars. New facilities for transit had a favourable influence upon agriculture, in the pursuit of which a large fund of capital was employed. The produce of the soil was increased in amount and in variety. Saxony sheep of the best breeds were imported for the improvement of the quality of American wool. Flax and hemp, hitherto chiefly supplied from Russia, were cultivated much more largely. The demand for these fibres was created almost as much through the great quantity consumed by the ship-builders, in the caulking of vessels as by the spinning and weaving of linen. Still further, silk-worm rearing and the manufacture of silk were introduced at this period, and for a time seemed promising, but they have never achieved any great commercial success. Mining was another mode in which the superfluous capital of the States found an outlet. Richly as the Union was endowed with mineral wealth, it was not till now that any organized effort was made to work the mines; nor have they to the present day been wrought in any way commensurate with their great fertility.

It was not long before the manufacturers were again discontented with the tariff. English products still successfully competed with American, for the English brought fresh skill to bear on their goods, and they were sold at prices barely covering the cost of production, in order to combat the extravagant duties levied on them. The manufacturers clamoured for further protection. The rest of the community, the consumers, were hard to convince, and opposed the scheme in the most determined manner. A new tariff was nevertheless passed through Congress, by a large majority, and it was rendered famous by the indignation of the Southern States, which, especially Carolina, went so far as to threaten secession. Disruption was averted by a timely concession in 1832, and by Mr. Clay's complete Bill in 1833, by which a gradual extinction of duties was provided for, down to a uniform level of twenty per cent., by the year 1842. Such an arrangement shows to what an extravagant height the fiscal imposts in many cases must have been raised. In 1842, however, the manufacturing interest in Congress violated their pledge, and re-imposed the old rate of duties. The Southern States complained, but without avail, that they were made to buy in the dearest market instead of the cheapest, and, in consequence, could not dispose of their own produce to the same advantage for the lack of an equivalent interchange. The Northern States, on the contrary, not only sold their manufactures at a high price, but got the produce of the South cheap, through limiting its markets.

A few details of American manufactures and trade will fitly close this section of our review.

Cotton.—The success of the cotton culture in America is almost astounding. Previous to the year 1793 the produce of the fibre was unimportant, owing to the difficulty of cleaning it from the seeds; yet eventually the growth in the Southern States overshadowed the produce of every part of the world. Whitney's saw-gin really created the American cotton trade. The increase of exports was in the ratio of five to eight between the years 1815 and 1830, but in the next ten years it rose in the ratio of one to two. The value per pound has fluctuated, but with a gradually declining tendency. The gross value, however, has enormously increased. At the beginning of the nineteenth century it was but 5,000,000 dollars, in 1838 twelve times that amount, and it increased year by year till arrested by the war. The sudden stoppage of supplies sent prices up to from three to five times the average. The exports from America to England alone, in 1866, before the amount had recovered, but while the prices were still twice as high as formerly, amounted to 4,640,000 cwts., valued at £35,000,000.

TABLE OF COTTON EXPORTS TO ENGLAND.

1795	5,250,000 lbs.
1820	90,000,000 ,,
1840	488,000,000 ,,
1860	1,116,000,000 ,,
1870	716,250,000 ,,

Much cotton remained in the States for home manufactures, and a quantity, though by no means comparable to the colossal figures given above, was exported to other manufacturing countries.

Massachusetts, Rhode Island, New York, and Pennsylvania, are the seats of the cotton industry. The largest mills in America are at Lowell, in Massachusetts. The home consumption of raw cotton in 1831 was 77,500,000 lbs., and in 1841 it had increased to 105,000,000 lbs. The fabrics produced in the States were valued, in 1831, at the gross sum of 40,750,000 dollars. Massachusetts alone produced manufactured articles to the value of 13,000,000 dollars, and New York to that of 3,600,000 dollars. In 1841, the total value had increased nearly twenty-five per cent., and those of New York and Massachusetts exceeded 20,000,000 dollars each.

Woollens.—Woollen manufactures rank next to those in cotton. Improved by the introduction of Saxony sheep, the American flocks produce better and more abundant wool than formerly, but rarely enough for export. Occasionally wool is required from abroad to supplement the home supply, and of late the importation has become very large.

One great merit may be fairly claimed for the American factory system, namely, that the misery often observed in English factory-towns is less apparent in the United States. The workers are clean, well clothed, and well fed. Owing to the prevalence of education, they can profit by public libraries, &c., for which Lowell is specially notable.

Amongst minor manufactures distilleries may be mentioned. Besides rum, which is made from sugar, and largely consumed, other beverages, of which spirits form an ingredient, are numerous. A sensible diminution in the manufacture of these stimulants took place in 1836, when, in consequence of the successful advocacy of total abstinence principles throughout the Union, as many as three thousand distilleries ceased operations. Coffee and tea took the place of spirits, the imports of these articles increasing as the produce of the distilleries fell off. This taste for coffee and tea has not diminished, for the new generation of citizens are, next to the British, the best customers of China: nevertheless, more than three thousand distilleries have replaced those that discontinued working.

The refining of train-oil and petroleum has become an important industry. The manufacture of flour prospers, and the export to Europe of bread-stuffs forms an important element of American commerce. Glass, paper, soap, hats, and candles, except the small quantities sent to the West Indies and South America, are almost wholly consumed in the Union. These industries have been copied from England, and in some instances improved upon, by the aid of superior machinery. Household furniture is likewise a considerable item of trade, the Northern States supplying the Southern, and aiding also to furnish the dwellings of the West Indian planters and the South Americans.

Ship-building has never ceased to be a leading American industry. The burden of the vessels built in 1837 and the three succeeding years was, on an average, 123,000 tons. Two-thirds of the foreign vessels trading to America were of American build. The statistics of the merchant marine of the United States for the ten years ending in 1861 prove the vigorous nature of this industry, and at the same time the great extent of American commerce. The total tonnage in 1851 was 3,772,439 tons; in 1861 it was 5,539,812 tons, showing an advance of 1,767,373 tons, besides the shipping built for other nations; but it has since declined to 4,200,000 tons. Maine, Massachusetts, New York, and Pennsylvania, are the great seats of American ship-building. In addition to the special supply for whale-fishing, the coasting-craft in the aggregate amount to many thousands of tons. North America surpasses the United Kingdom in its adaptation of steam to navigation. As early as 1838 there were 800 steam-boats employed, of 150,000 tons burden, and of 57,000 horse-power. The Americans employ their steam-vessels chiefly for the navigation of their splendid rivers, an application of steam-power which has doubtless contributed to the marvellously rapid settlement of vast tracts of the distant interior. Most of the steam-ships which cross the Atlantic are British. As a rule, English ships are better built than American, and meet therefore with fewer casualties, but their cost is also nearly double.

We close this chapter with a tabular view of the advance of the Union in wealth and population previous to the late destructive contest.

CONSPECTUS OF PROGRESS OF THE UNITED STATES, 1850 TO 1870.

POPULATION.

1850, 23,000,000; 1860, 31,500,000 (of whom 4,500,000 were coloured); Increase, 37 per cent. 1870, 33,568,745.

HOME MANUFACTURES.

	1850.	1860.	INCREASE.
	Dollars.	Dollars.	Per Cent.
Total value	1,000,000,000	1,900,000,000	90
Agricultural Implements produced to the value of	6,800,000	17,800,000	160
Produce of Iron Foundries	20,100,000	28,500,000	42
„ Coal Mines	7,200,000	19,400,000	170
„ Cotton Manufactures	64,000,000	115,000,000	76
„ Woollen „	45,300,000	68,900,000	52
„ Leather „	37,800,000	63,000,000	66
	Gallons.	Gallons.	
„ Wine	220,000	2,000,000	809

VALUE OF TRADE BETWEEN THE UNITED KINGDOM AND THE UNITED STATES.

	18[illegible]0.	1870.
Imports from U. K.	£44,727,202	£49,804,835
Exports to U. K. . .	22,907,681	28,335,394
Total	£67,634,883	£78,140,229

CHAPTER XVII.

I.—PHENOMENA OF COMMERCIAL CRISES, MONETARY PANICS, AND THEIR RELATION TO THE BANKING SYSTEM OF ENGLAND AND THE UNITED STATES.

THE history of commerce is marked by the recurrence of industrial derangements, which, varying in the intervals of their appearance, succeed each other with the apparent certainty of spring and neap tides. They have even come to be regarded, by the superficial observer, as the necessary conditions of interchange; which is the same as saying that the proper use of credit involves also its abuse. By giving credit without proper caution, a merchant may ruin himself; but by accepting credit without prudence or scruple, his ruin spreads dismay and disaster among many, in the ratio in which he has abused the confidence of his creditors.

When traders are reckless in the use of credit, a "monetary difficulty" inflicts injury too, not only upon the immediate losers, but upon society at large. Credit is interwoven with every division of labour, and if used with fidelity, is a powerful aid to production and interchange. When, therefore, confidence collapses through the dishonourable conduct of a few, or even by the rumour of reverses,—monetary crises, bankruptcies, and derangements of trade ensue. If it ended here, there would merely be the clearance of an evil from the commercial atmosphere; unhappily, however, the capital may be constituted of numberless small deposits of orphans, widows, and the poor, who not knowing how otherwise to turn their small fortunes to account have put their money out to interest. Ruin, far and wide, comes with a crash, and impresses us more than the unobserved blessing of credit used in good faith—a blessing which preponderates as much as do the silent influences of sun-light over the startling effects of the volcano or the electric storm. The good that comes out of evil in these crises is bought at a fearful cost. They are salutary warnings against recklessness; violent remedies for a moral disease; and they will recur until the moral sense of our merchants shall cause them to shudder at being imbued with that leaven of dishonour which would suffer them to accept credit unwarranted by their capital, or to speculate unsanctioned with the capital of others. Our young merchants must be taught, before entering upon their career, that it is a sacred duty to accept credit only when the certainty of meeting the engagement is as great as that of being called upon to do so, and with the same caution that they would exercise, if their means were open to the view of those whose confidence they seek.

Industrial derangements are closely related to the banking or monetary system of a country, and to the use of bills of exchange. Safe guardianship of their customers' money is but a minor function of bankers. Through their agency, borrowers and lenders are brought together, and a means is devised of ascertaining where credit may be given and confidence be safely placed. Promissory notes and bills of exchange are the forms in which credit is generally tendered and accepted, and are in such universal use that the system could not now be foregone without serious detriment.

Bank-notes, or paper money, are promissory notes payable on demand. The obligation to pay on demand implies the existence of specie into which the notes are at once convertible. While the assurance remains that this specie is ready at call, the bank-note passes from hand to hand with as much confidence as gold, and with greater convenience. The issue of notes regulates itself; for if the bank forced into circulation by any means more notes than were demanded by public convenience, they would be immediately presented for payment in gold. It is different when notes are made inconvertible. They then become promissory notes, payable at an uncertain period. The act of making notes inconvertible creates distrust. It seems to imply that the notes are not valid securities; that is, that the capital they represent does not exist, or only exists in part, or in other words, that fears are entertained of insolvency following a run upon the Bank. The normal state of inconvertible notes is therefore to be at a discount, or depreciation; the amount of depreciation, down to utter worthlessness, like the assignats of France, measuring the loss of public confidence in them as securities. Inconvertible notes can never give to the possessor an advantage over those which are convertible, and can therefore never be at a premium, that is, worth more than the gold which they represent.

It is possible, however, for such notes to be issued so cautiously that their value should keep at par, as it did for a time in England, during the suspension of cash payments. The probability, however, is quite the other way. There is no index to regulate their issue except that of their depreciation; and the principle of avoiding present payment, which is that of inconvertible notes, is not one of moral restraint, but of the opposite. The policy of putting off our obligations to an indefinite future, if once adopted, is easily continued. An over-issue of inconvertible paper is so nearly inevitable, that no example has yet been seen of such paper remaining undepreciated. In England itself the guinea of *21s.* was for several years equivalent to *28s.* or *30s.* nominal value in notes.

A convertible paper currency can never be depreciated. An inconvertible currency, we cannot say, defrauds the community, because the law steps out of its course to sanction the act, and fraud is a violation of the moral law; yet it injures individuals at every step of its progress downwards, and equally so at every step towards recovery. Creditors who are paid in depreciated notes, which, being a legal tender, they cannot decline, for debts contracted when the value of the note was higher, lose the difference of value between the sum lent and the sum paid; an amount which goes into the pocket of the debtor. Creditors who have lent in depreciated paper, which, by the resumption of cash payments, has been restored to its nominal value, or by other means has partially recovered, are, when paid, virtually gainers at the cost of the debtor.

The ease with which inconvertible paper money can be issued, and the appearance of wealth it at first possesses, have tempted many states to adopt such a currency. When the ignorance or need of a government thus gives legislative sanction to the undue issue of paper money, an intensity of evil ensues; yet no error has been more common. Assignats flooded the French Republic, until the capital they represented was merely the paper of which they were made. Russian roubles in silver, and in paper, have no common relation but that of being currency and bearing the same name. American "greenbacks" were issued at intervals during the civil war, almost as fast as they could be printed, and the continuous rise of the premium upon gold — the misleading phrase used to disguise the equivalent fall in paper—was the burden of every mail, and the current topic of talk.

Inconvertible paper was in early use in America. Gold being scarce in the colonies, paper money on Government security, circulated as the medium of exchange with convenience and with advantage. On a small scale, this was done with impunity by colonies whose natural resources were great; but the right proportion between paper money and the capital it professed to represent was not always observed. Attempts were made to balance every drain upon the colonies by a further issue of paper, so that as resources diminished paper money increased; or, what is the same thing, as the means of the colonies grew smaller their debts grew larger. The proper relation between promises to pay and actual wealth seems never to have been fairly appreciated by the American mind. An issue of paper currency has been mistaken for a creation of wealth. As well might we mistake an invoice for the goods detailed therein. The financial history of America is interwoven with its political history, and periods of depression, alternating with advances in wealth, have been coincident with over-issues of paper money and the subsequent return, at great loss, to sounder economic principles. Domestic perils have been mitigated at first by the abundance of fictitious capital, but they have never been surmounted by such means, and, in the end, the payment has always been by so much the heavier. Generally, as the tide of prosperity has risen, the burden, to the honour of the republic, has been cheerfully borne and quickly got rid of. Instances, however, have occurred of individual states adding the baseness of repudiation to the discredit of onerous debts.

British Banking System.—The United Kingdom and the United States, the great commercial countries of the nineteenth century, are likewise the nations chiefly identified with the phenomena of monetary panics. The centre and regulator of the English system of credit is the Bank of England, and in order to understand the relations between American and British commerce, a succinct account of the functions of this great establishment must be placed in juxtaposition with an account of the banking system of the United States. The vast capital of the Bank of England has been increased with the growing wants of commerce, till it stands, as may be seen in the weekly returns of the Bank, published in the newspapers, at £14,553,000. Of this about £11,000,000 is a loan to the Government, upon which security the Bank of England is privileged to issue legal tender notes for sums of not less than £5. An additional £4,000,000 is allowed to be issued on other securities, making £15,000,000 in all. Every note issued above this sum must have its equivalent in gold or bullion in the Bank vaults. The experience of not much less than two hundred years has proved that the public demand for bank-notes has been considerably above the limit of £15,000,000, more especially in times of panic; and such want tends to increase rather than to diminish with the growth of trade. The interest upon this £15,000,000, which at three per cent. is £450,000, and at five per cent. would be three-quarters of a million annually, pays the cost of the issue of bank-notes and the charge of guarding the valuable deposits of treasure. This, consisting of coin and bullion, or uncoined metal, ranges generally from £15,000,000 to £20,000,000* sterling, against which notes are also issued, making the total issue over £30,000,000. Adding other securities, a total value of £50,000,000 sterling is occasionally under the charge of the directors.

Apart from its public functions as a bank of issue, as the agent for payment of the dividends on the National Debt, and as an intermediary between the public and the Mint in relation to the coinage, the Bank of England undertakes also the ordinary duties of private and joint-stock banks, such as the receipt of deposits, the charge of the receipts and payments of its customers, and the discounting for them of bills of exchange.† With the safeguards which it possesses, the maintenance of which is felt as a paramount duty, it does not appear possible for the Bank ever to be otherwise than solvent. There have been times, nevertheless, when a needy Government or a commercial crisis has occasioned disquietude to the directors and alarm to the public. A suspension of specie payments took place in 1797, when the notes of the Bank of England were by law made inconvertible. The Government of Mr. Pitt had, by urgent representations, prevailed upon the directors, against their judgment, to trench upon the reserves of gold, in order to make advances to the state.. This disturbance of the elements of security weakened public confidence. At home, an Irish rebellion was threatening, and disaffection, ending in mutiny, appeared amongst our sailors. Abroad, an army was being organized for the invasion of England. A run upon the Bank ensued; holders of notes were eager to convert them into gold; the reserves of gold diminished daily. The King suggested that the Bank should be closed until Parliament could assemble and devise means to meet the difficulty. At length, in February, 1797, an Order in Council appeared, prohibiting the Bank from giving gold for its notes. A declaration of confidence followed from more than three thousand of the bankers and chief merchants of England, expressing their readiness to accept notes to any amount in payment, instead of cash. This declaration, after two anxious days, ended the crisis. The law rendering the notes inconvertible was renewed several times, and continued in force till the year 1823, although cash payments were actually resumed by the Bank on 1st May, 1821. During all these years, Bank of England notes were inconvertible, and for parts of the time they were in consequence depreciated in value, the lowest point being in 1813, when guineas of 21*s.*, in coin, were exchangeable at 30*s.* in legal tender notes. With the termination of the war, the two currencies tended to a level again, and the convertibility of notes into gold upon demand has, of course, prevented the repetition of any similar depreciation in recent times. The amount of gold that left the country from 1800 to 1815, as subsidies to continental states and to support our armies, was not less than £30,000,000 sterling, in addition to £50,000,000 worth of British produce.

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* During the Franco-German War it reached its highest point of over £26,000,000 sterling.

† Bank of England in relation to coinage and the Royal Mint.—See *Appendix*.

Exceptional crises of an early date, which stand upon the annals respectively of Holland, France, and England, under the designations of the Tulipomania, the Mississippi Scheme, and the South Sea Bubble, partook of the character of national manias, and entailed widespread calamities which have been already detailed. The commercial perturbations of the eighteenth century, while proximately attributed to wars and rumours of wars, were not the less the consequences of credit repeatedly abused. As examples of such trying periods, we may refer to the effects of the Seven Years' War in Europe, from 1756 to 1763, which also involved the colonial possessions of the powers engaged in hostilities, and cost the French the loss of Canada. Again, during the American War of Independence, from 1764, when discontent with the English Government began to show itself, till 1789, when a settled form of independent government commenced its career, paper money took more and more the place of gold, the ratio of its virtual to its nominal value varying with every event of the war, at the end of which gold was nowhere current in the states. In the succeeding interval, that of the French Revolution, or the part of it from 1793 to 1807, the profits of commerce enabled the Union to recover from all the burdens incurred during its long struggle for existence. This was a time of unmeasured prosperity, but not brought on either by foresight or forethought. Such an easy escape from an incubus of debt which might have weighed down and cramped the energies of the young Republic for many years, was not in every respect salutary. It prevented the citizens from feeling sufficiently the real evils of the course they had previously pursued.

In 1790, *assignats*, a paper currency in France, were issued by direction of the National Assembly, in aid of the public credit, but proved a poor substitute for the necessaries of life, which were sorely wanted; and they were utterly useless in foreign commerce. At the time of the supersession of the assignats, in 1796, by the issue of *mandats*, a nominal capital of eight milliards of francs, or £350,000,000 sterling, was in circulation, and eventually disappeared.

In 1793 England declared war against France. The Government issued £5,000,000 of Exchequer Bills. A panic ensued. Capitalists withheld their confidence, and speculators who had been trading upon their credit only, or with capital not their own, failed, involving in real loss those who had trusted them. Through the Irish Rebellion in 1797, and the belief in French intervention, confidence in investments of any sort was almost utterly lost, and consols fell to 44⅝.

The United States engaged in an almost purposeless war with England, from 1811 to 1815, and again anticipated future revenues by a recurrence to paper money to meet the immediate expenses. The issue soon drove out of circulation the specie of the states. Banks of issue multiplied throughout the Union, many of them acting as agencies for the Government in its fiscal and monetary transactions with the several states. To avoid partiality, the Government funds were distributed amongst the states, and the choice of banks was varied from time to time. Ultimately, in 1816, the plan was adopted of a central national bank, which was established under the designation of the "United States Bank."

In 1819 the Union reached the culmination of a commercial crisis, which weakened its commerce for several years. Confidence was proved to be misplaced in the paper money, which had been in extensive use and even accepted abroad, on the security of the various states.

The banks could not meet their engagements, and numerous failures occurred. Produce was hurried out of the country to be realised, and foreign markets were crowded with American commodities. England had an enormous accession of cotton imports, and the price, which for a length of time had been high, fell ruinously low. American commerce came, for a time, almost to a standstill. Much of the capital thus set free was transferred from the foreign trade and invested in the domestic manufactures of cotton and wool. Its influence was seen in the quantity of woven fabrics produced, which even in this time of depression was larger than before.

The European peace of 1815 brought about changes in trade which affected the whole world. Commercial intercourse had been in an abnormal state from the beginning of the French Revolution, when suddenly British and continental ports were reciprocally opened to trade. A great rise took place in the value of Government securities, and many capitalists found their wealth nearly doubled. Freed from the unproductive pursuits of war, they now sought the productive channels of industry. The gradual resumption of cash payments at the Bank of England was provided for by Act of Parliament in 1819. Capital appeared to abound, and an eagerness for the profits of trade ensued. As long as capital was forthcoming, speculators were ready to employ it, and schemes for its investment rapidly multiplied. The desire to lend was as great as the temptation to borrow. Bubble companies put in their ominous appearance. Thirty-six new companies were advertised in the London newspapers on a single day in January, 1825. Mere nothings were bought and sold, every venture being but one of a series, and an incentive to risk further capital and credit. Goods were despatched to foreign markets, at high rates of production and of freightage, and eventually disposed of at a loss. Orders were sent abroad so largely that prices rose for the return cargo, which found an overstocked market at home, and loss again accrued. Bills of exchange were discounted, in this specious trade, with facility at first; but the rate rose as distrust spread, and men who had traded beyond their capital could not obtain loans to meet their engagements. Confidence became weakened. Numberless undertakings were found to be unsound. A common ruin intercepted the career of both trader and discounter, between whom it was difficult to adjudge their respective shares of lawlessness and fraud. No fewer than seven hundred and seventy English banks stopped payment. In this terrible collapse of credit, America was associated. From 1819 the prohibitive duties of the United States had kept their imports under: but the exports had again grown large. Before midsummer of 1825, more than 100,000 bales of cotton had been despatched from New York. European credit was at that time paralysed, owing to the ruin that had befallen the gambling enterprises of several previous years. Every branch of labour was deeply depressed. Prices had fallen; American cotton thus found a bad market, and was sold at a great loss.

All the phenomena of confidence abused and consequent ruin were repeated. Coincidently, the valuable trade with the South American republics was interfered with by their own internecine strife. Mercantile failures followed, and capitalists, taking alarm, sought in manufactures a safer investment for their wealth. Manufacturers, however, also suffered temporarily, owing to the excessive stocks of raw material which they had on hand, and to the low prices commanded by the finished goods.

The decline of demand for foreign goods affected, more or less severely, every state in Europe, and caused great local suffering. In France, for several years, the stock of export goods had sunk low, when a speculative reaction took place and filled the foreign markets with commodities for which there was little or no demand. Prices fell, goods were sold at a loss, and panic and stagnation followed. France suffered less than England: first, because of the smaller trade and credit she possessed; and secondly, because her protective system gave her greater command of specie than her neighbour. Silks, cottons, indigo, and sugar were the leading commodities affected at this crisis. They had continued to rise in price until they reached their climax, when the demand for them rapidly fell until it almost altogether ceased. Excepting sugar, these substances were at the head of French industries.

In the last quarter of the year 1826, the Bank of France protested eight millions of francs worth of bills, and the blow crippled the Government of the Restoration, and with the discontent ensuing upon a languishing industry, doubtless hastened its fall.

Under the depression of another panic in 1832, new tariff laws were introduced into the American Union.

In the year 1833 a sum of £20,000,000 was voted by the British legislature as an indemnity to the owners, for the manumission of all the slaves held by British subjects abroad. So enormous a sum leaving England affected the industry and trade of the kingdom, and with such an addition to their cash capital, the slave-owners, whether living in England or in the colonies, looked round for new investments. A good deal of the money found its way to the American Union, in loans to individual states, which lacked the security of the central Government. Capital was attracted in this direction by a mutual lowering of the customs. As a first result of the infusion of new capital into America, trade advanced, and from 1833 to 1836 commercial affairs were prosperous. Rumours of failures towards the winter of 1836 first produced distrust. Many American speculators failed to pay the advances made to them. English bankers, merchants, and manufacturers who had trusted them were thus crippled. The demand for payments in gold became more importunate and less capable of being complied with.

At this juncture the directors of the Bank of England combining with various opulent English bankers, provided funds for capitalists who were solvent, but had unwisely locked up their capital in unrealisable securities. Thus still greater evils were staved off, but for many years the relations between the United States and England were embittered by the bad faith shown at this critical period. Some of the states repudiated their debts. Several of them declined to pay either interest or principal, and their guarantee for any further loan, however small, would consequently, even at this day, be regarded with suspicion.

A wild speculation had taken place in England in other foreign securities, especially those of the new South American republics. Joint-stock banks found sudden favour, and were everywhere established. Numerous companies were launched, many of them of a worthless character. The United States were themselves the heaviest losers during the crisis, but England, France, and Austria suffered simultaneously in proportion to their engagements.

A mania for railway construction set in, following upon the successful adaptation of locomotives to travelling purposes. It reached its height in 1846, when two hundred and seventy-two railway acts passed through Parliament. Many of these railway projects were purely speculative, being mooted with the view of putting money in the pockets of the promoters, by the sale of scrip, at the cost of *bonâ fide* but deluded shareholders, and others were useless. Enormous losses ensued, aggravated by famine and followed by pestilence in Ireland, owing to the potato blight, and by a general bad harvest, with extreme distress in England; circumstances which necessitated the opening of the ports to foreign grain, by an Order in Council, and brought about the repeal of the British corn laws, which had withstood for a whole generation the arguments of economists and the earnest efforts of a national Anti-Corn-Law League.

II.—BANKING SYSTEM OF THE UNITED STATES.

By the terms of the charter of the United States Bank it was bound to transact all the banking business of the Government in all the states of the Union. In return for this service it received a monopoly of the Government funds, amounting to large sums, for which it paid no interest. State prestige gave unquestioned credit to the Bank, which attracted to it a wealthy proprietary, and thus very much enlarged its resources. The Bank of the Union founded branches in the various states, and by this means acquired an intimate knowledge of the responsibility of its distant customers. Through the branch banks advances were made for trading purposes. Private bankers, everywhere numerous, kept accounts with the central and chief bank, which thus enjoyed the confidence of the whole of the republic, and at the same time the highest credit abroad. The English regarded the establishment, formed as it was upon the model of their own Bank of England, with peculiar interest, and without hesitation intrusted to its keeping large amounts of surplus capital, to the absorption of which, in a country so capable of development, there was no limit. By these means were constructed many of the highways, railways, and canals which have facilitated communication and increased American prosperity.

The United States Bank extended its operations as time went on. Government funds, which at first were merely derived from a capitation tax, and small in amount, expanded to large dimensions when customs dues were introduced as a source of revenue. As the imports increased with the population and the growing wealth of the community, the revenue was so productive that all the state debts were cleared off in 1835, and the Government was embarrassed with the problem how to dispose of its surplus income. The difficulty of its disposal lay in the adjustment of Union rights with the individual rights of the respective states. Advocates for its employment in the reproductive labour of forming new roads and water-ways were not wanting, but each state was jealous of interference with its exclusive control of the means of communication within its boundaries, and new roads made at the public cost must necessarily be Government roads. It was also extremely difficult so to apportion such advantages as to satisfy the conflicting interests of the several states, if indeed they could have been satisfied with anything short of the impossibility of giving to each something more than any of the rest. A law for the disposal of the surplus was not agreed upon until the year 1841.

In the United States, where public opinion is omnipotent, and little restrained by experience, the rise of a vast monetary power, like that of the Bank, provoked foes and vehement discussion. It depended upon which opinion should gain the ascendancy whether the Bank Charter, which was to lapse in 1836, should or should not be renewed. President Andrew Jackson spared no opportunity to inveigh against its privileges. He swayed the popular will to such an extent that he was re-elected when his term of office expired in 1833. The Bank accepted this public act as decisive of the question, and even before the fate of its charter was determined, assumed the position of a private bank, with resources and business much restricted, but still enough to leave a margin of profit to the proprietary.

The national funds, withdrawn from the chief bank, were once again distributed over the Union, with less check upon the use made of them. They were advanced on bills of exchange for the promotion of trade, and also at high interest on the security of the sales of land. With funds continually augmenting, and lands without limit for sale, the elements of speculative agencies were prepared. In 1836 lands were bought, with assistance from the banks, to the amount of 24,000,000 dollars. So profitable was the business that the number of banks rose from three hundred and twenty in the year 1830 to six hundred and seventy-seven in 1837. A spirit of rivalry sprang up amongst the different states as to which should borrow most of the Government money. Little regard was had to the subsequent duty of paying the debt, for the banks had the legal option of paying twenty-four per cent. interest in lieu of principal on demand, besides which, the Government, with its rich revenues at command, could not, it was thought, but be generous towards its own children. There was a scramble for capital in the Western States. Railways, canals, and steamboats were constructed with extraordinary speed. The Government could not supply capital fast enough to keep pace with its investment. Foreign capitalists, especially the English, were drawn into the vortex, the latter willingly lending large sums upon the security of land. A scene of unequalled activity was presented in every state. Labour was at a premium. Idleness was banished from the land. Immigrants in a ceaseless stream poured into the home of plenty and freedom. As fast as foreign loans came in, specie was intrusted to the numerous banks, which in turn competed for borrowers. Borrowers came at the call, and all went merry as a marriage bell, ringing in a future of fortune and human happiness that would prove Utopia to be no fable.

A cloud upon the horizon was first discerned from a distance. English capitalists were surprised that the reclamation of the land did not lead to improved agriculture and larger exports. Grain, which before had been exported in great quantities to England, was now being imported to supply the wants of the people. The foreign debts of the Union, almost exclusively contracted with England, had reached the amount of 200,000,000 dollars; and although the circulation of the revenue deposits was augmented by this enormous sum from abroad, the paper issues of the banks flooded the republic, and specie relatively diminished. The values of the notes in some instances were as low as a dollar, and as specie could be obtained for them only at the banks of issue, the most intricate system of finance ensued, and a new profession of bill-broking was established at New York. The negotiation of the notes of every bank of issue, and at every distance therefrom, became an ingenious art, and required a knowledge comparable in extent only to the classified details of entomology. The conduct of the banking institutions encouraged extreme speculation. It became plain that the dealings in land were but an organized system of gambling. Trade was brought to a specious but most unstable condition, and bankruptcies—always too common in the United States—occurred with alarming frequency.

By a law more befitting the ignorance of the dark ages than the intelligence of American citizens, the exportation of specie was prohibited. The object was to establish a metallic currency, and to bring about a true economic relation between paper and coin, but the remedy suggested was empirical. Legislation of this nature obstructed instead of aiding commerce. Every vessel leaving the American shores must, for the purposes of trade, have been furnished with more or less of specie, and, besides, there were 12,000,000 dollars of interest to be paid annually to the foreign bondholders. President Jackson, and President Van Buren, elected in 1837, saw no way out of the difficulty but by enacting that foreign traders should be paid in paper money. England withstood this absurd proposal, and declined to barter its goods for paper, which under such conditions could only be valued by weight. Trade between the two countries was for a time extinguished, except in so far as it was kept alive by small and secret transmissions of bullion. Money became scarce—as it always does when its free circulation is tampered with—even for the transaction of the domestic affairs of the Union. England grew urgent for the payment of its bonds. A monetary difficulty at home was causing an excessive drain upon the bullion of the Bank of England, and that bank declined all American bills, even those drawn upon houses of unexceptionable credit. Extravagant engagements had been entered upon by the American houses in London, which their resources, though vast, were unable to meet. The Bank of England tided the firms over a few months, but could not prevent their fall. In order to retain the British trade, the incorporated state banks of America joined together, and met the claims of their English creditors by payments in coin. Further peril was thus averted, and not too soon. The act was successful, and revived English intercourse, although the burden, which the Americans ought never to have thought of placing upon their foreign creditors, was nevertheless heavy to bear. England had trusted in the fidelity to engagements which the Union had professed, and had furnished, upon state bonds and bank and joint-stock company securities, capital to an enormous extent. The securities were depreciated through the unjustifiable advances made by the banks to the planters, and granted for numberless other purposes. The growth of cotton was forced beyond the demand for it, and an unusually large exportation to England was followed by forced sales and a fall of prices.

The bullion despatched by the banks to England was mainly composed of the funds entrusted to them by the United States Government. Their coffers were therefore emptied, and the Government had to make its own payments in paper. In the end, however, the result proved the wisdom of the proceeding. Commerce, renewed with England, brought prosperity to the years 1839 and 1840. Cotton and grain exports were unprecedentedly large, yet, owing to the erection of many new factories in England, and also to a scarcity of corn, good prices were obtained for both commodities. Specie, in return, flowed back to the banks; and those of New York and other New England states soon renewed cash payments. The national bank profited only partially by the turn of affairs, as it had incautiously lent out its capital to the banks of the Western and Southern States, none of which resumed specie payments. Profits from the reclamation of land were slow in arriving, and far less than had been guaranteed. Most of the sums advanced for this purpose were irrecoverably lost, and in 1841 the United States Bank suspended payment. In the same year Congress passed a law for the division of the accumulated revenues amongst the several states of the Union. The embarrassment relative to the large funds in hand could not be relieved by a remission of fiscal imposts, for beyond the customs there were none to remit, and these were thought to be a means of wealth rather than a burden. The result of the scheme was disappointing. Large as the surplus was in bulk, it went a very little way towards clearing the states of their debts. Upon this a general request was made to the central Government to accept the responsibility of these debts, and to pay the interest out of future revenues. Government declined the responsibility, although it was intended to be only provisional. Whether this conduct was judicious, and whether the states which first borrowed without moral restraint, and then wished to relieve themselves of the consequences, would ever have willingly resumed the charge of their debt, must be judged by the succeeding events. Many states ceased to pay any interest, arguing that their debts ought either to be paid by the Government or not at all. The value of American securities sank nearly to zero. For a time it could not be believed that states which had just shared the Government funds, and till then had paid their way, meant to repudiate their liabilities. That there never was any intention to pay on the part of at least some, is made probable from the bonds of Illinois, Maryland, and Pennsylvania remaining dishonoured to the present day.

At the date of repudiation, debts were owing abroad by the several states to the amount of 211,000,000 dollars, with annual interest to the amount of 12,500,000 dollars, the greater part of which was withheld. Besides these debts there was a loan to the central Government of 12,000,000 dollars, and separate loans contracted by New York, Philadelphia, and other large cities, bringing the total foreign liability up to 260,000,000 dollars principal and 14,000,000 dollars interest.

Several of the larger states have since partially redeemed their credit, but the dishonour brought upon the whole Union by the refusal of individual states to pay has much diminished public security; and, in spite of the wealth and enterprise of the citizens, and the magnitude of their territories, it still inspires frequent distrust. The loss to the Union through this want of confidence has been greater than the money saved by repudiation.

Experience having shown the danger of giving an extensive monetary power to banks, over which a very imperfect supervision could be exercised, it was attempted to make the state banking a Government department. A new national institution was therefore planned, called the Bank of the United States, and the act passed Congress, but was felt to be foreign to the duty of a legislature. Neither the nation at large nor the commercial community approved of the scheme. It received strenuous support from impartial men, but the idea of monopoly was distasteful, and the powerful banking interest, whose profits were at stake, fanned this feeling. Zachary Taylor, who died in office after a few months' tenure of the presidency, signalised his short career (1849-50) by putting his veto upon the new institution.

Political circumstances have interfered so much with the revenues of the Union since the division of the surplus, that the question has not pressed again. For several years before 1841 the accumulation was less rapid than it had been up to 1836. State lands yielded less after the latter date, when it was found that their purchase was wholly speculative. Genuine buyers became fewer, and the settled lands taxed all the available energies of the former purchasers to bring them into working order. The war with Mexico, carried on under General Taylor, afterwards President, also occurred, and not only absorbed the revenue, but made a Federal loan of 12,000,000 dollars necessary, causing the Government still further to increase the customs tariff, for the purpose of improving the national revenue.

Thus it is apparent that banking in America has not been, as in England, simply an agency to facilitate trade. It has played an influential part in the development of America; but the recent great commercial crises occurring in 1857 and in 1866 prove that the elements of instability remain unaltered. America suffers from the want of a central bank, with defined powers of issue, enjoying the guarantee of the Government, and the still higher security of an unblemished career. Fortunately for the United States, faults of inexperience are remedied by the wonderful vigour of a community not yet a century old, and by the unsurpassed resources of the country. Agriculture, manufactures, and commerce emerge from temporary depression, and make greater and more successful strides. Wheat waves over tens of thousands of acres on single farms in the valley of the Mississippi; and, rich with decayed vegetation, the accumulation of thousands of years, the prairies of Illinois become each harvest a golden sea of grain. Chicago is the metropolis of the American corn trade, whence, previous to the calamitous fire, great supplies came to meet the English demand. St. Louis, in like manner, is the emporium of New Mexico and California—territories which are now the scene of an active civilisation and a peculiar industry. In the year 1857 events occurred which promise to have greater effect upon the wealth of the United States than even the gold discoveries of California. Petroleum, or rock oil, was "struck" first in Canada, and then in many parts of the Union; and the quantity likely to flow from a region ranging from East Canada to Texas, the uses to which it may be put, and the power of Europe to absorb the exports, seem equally incalculable.

The lamentable war that desolated the Southern States from 1861 to 1865 has removed from the Government any prospect of a surplus revenue for many years, and loaded the Union with a debt almost as colossal in its proportions as that which England incurred in her European contests.

III.—PANICS OF 1857 *AND* 1866.

Violent commercial and monetary disturbances distinguished the years 1857 and 1866. Trade had recovered from the crisis of 1846 before the year 1850. The great feature of the succeeding septennial period was the influx of gold from California and Australia. The annual average brought to Europe before the recent discoveries had been for a length of time steady at about £10,000,000 sterling, whereas in 1856 the year's supply rose to the value of £58,000,000, and that of silver from £9,000,000, to £12,000,000. Between 1848 and 1857 the gross quantity of gold imported from Australia and California was estimated at £174,000,000, and during the same period other sources of supply were multiplied in number, and improved in produce. The amount of specie in Europe before this augmentation of the precious metals was estimated at £360,000,000 in gold, and £800,000,000 in silver.* Gold was coined in the present reign, before the new discoveries, that is from 1837 to 1848, to the value of £30,000,000, and as much was coined in the four years 1853—6, inclusive, when Australian gold came in addition to that of California. Although a great absorption of gold can, as we have seen, be accounted for in other ways, yet the amount that came into general circulation was sufficient to materially affect trade. An element of uncertainty introduced itself into values. Immense profits were made upon many commodities shipped to the gold countries, and speculative shipments were encouraged. Much of the gold consigned to England was in payment for goods, and a considerable amount was for investment. There was an unusual abundance of capital seeking employment, and the rate of interest declined. Borrowing was thus encouraged, and securities were not so

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* The following approximate computations have been made of the quantities of the precious metals extracted during the different ages of civilisation:—

			Gold and Silver—computed value.	
Ancient	period		(under) 1,000	millions.
Mediæval	„		„ 1,000	„
Modern	„		1,120	„
Recent	„	1800 to 1848	360	„
„	„	1848 to 1865	350	„

rigidly examined as they are when capital is scarce. A period of recklessness followed. Railways were again promoted. Consignments to Australia, California, and America were made to an unparalleled extent. Every factory in the United Kingdom was overwhelmed with orders, and new factories were started. Joint stock companies put in their familiar appearance, and rash commercial enterprises were undertaken. Foreign ports were soon so lavishly supplied with British goods, that the prices could not be maintained, and great losses followed.

It was not the United Kingdom alone that was seized with this phase of gambling. A plethora of specie in France induced capitalists there also to engage in unsound schemes. Railways were started, in some instances with the design only of speculating in the shares, without any regard to the desirability or the importance of the project. A Crédit Foncier Bank was founded in 1852 for assisting agriculturists with loans upon the hypothecation of estates, the lien, or security, over which was in the form of a *debenture*, or bond, negotiable on the Bourse. This institution was followed in 1853 by the Crédit Mobilier, a more ambitious bank, which carried out the principle of "hypothec" into every division of industry, starting new companies and providing funds upon the mortgage of shares, the value of which the directors professed to secure by debentures charged upon the aggregate enterprises. The institution appeared for a time to flourish, but in 1858 it paid no dividend, and in 1867 the whole of its capital had been absorbed. Spain, Germany, Austria, and Russia caught the contagion. "Financing" was reduced to a system. Speculations in "time bargains," that is, in the *agio* or difference in the rates of exchange, at different dates, became common. Dealings in the scrip of new companies, before the first calls, sent worthless schemes to a premium, although the shares were never intended to be kept by the allottees, who, indeed, never had the money to pay for them. Germany took the lead in the pursuit of this chimerical wealth. States large and small speculated in shares. So great an activity in money-getting was at first deceptive. It was regarded as an evidence of prosperity, and of the abundance of capital. But the fatal day of distrust could not be for ever deferred. As schemes matured solid capital was wanted, and the unreal character of the traffic in shares began to be perceived. The drain upon the Bank of Hamburg was continuous, and the rate of discount rose to 12 per cent. even on undeniable security. Fidelity to engagements became almost impossible. Notwithstanding the fabulous sums of gold and silver contributed by the new mines, money was sorely wanted. Waste had proceeded faster than wealth was reproduced, and the penalty was impending. Gold and silver, mostly the latter, to the value of £60,000,000 (1,500,000,000 francs), had since 1857 been sent to India, China, and other parts of Asia. French railways had absorbed £120,000,000 (3,000,000,000 francs). English railways had been more than doubled in extent since 1848 at an enormous outlay. Railways in every quarter of the globe were being formed as fast as engineers and contractors could accomplish the work. The Crimean war, moreover, cost England £100,000,000, and added £41,000,000 to the National Debt, and France did not suffer less.

The era was marked by a profuse expenditure in England and France, but in America, where the practice of long credit prevailed, the extravagance was even greater, and as insensate as it was immoral. Luxury and waste in apparel and in food were common to all classes in the United States, and these social habits only reflected the reckless disregard of commercial prudence in their foreign trade. Many American banks, foreseeing the storm, and remembering the evils resulting from the like phenomena aforetime, did all they could to bring the country to its senses. They reserved the funds that came into their coffers, declined to lend on new or abortive schemes, and raised the rate of discount even for the best securities. In the course of a few months it is computed that 16,000,000 dollars were by this means saved from being engulfed. As borrowing became more difficult, the more imperative grew the pressure for repayments. Confidence departed utterly. Money could not be obtained. Bankruptcies, ruin, and all the disasters of a monetary crisis showed themselves. Discount at New York went up to 100 per cent., the commercial mode of refusing to discount at all. This stringent measure to protect the New York Bank, and thereby to save its clients, gave umbrage instead of satisfaction. Depositors in the bank involved in the monetary transactions which had led to the crisis pressed for discount, and resented the refusal. A common feeling animated all who had accounts there, and the consequence was a run upon the bank. That their fears were not imaginary was soon proved by the failure of the bank. The example was followed by other banks, and one after the other stopped payment, with liabilities amounting to 300,000,000 dollars, or £60,000,000, of which only 40 per cent., or 120,000,000 dollars, was ever realised. Prices rapidly fell. Securities of every kind were depreciated, and the nett loss to America was computed at £42,000,000. The injury did not end here. American commerce was so interwoven with that of England that the one could not be affected without the other. European trade required at such a juncture only this finishing stroke. From England the derangement passed on to Hamburg, spread over the northern kingdoms of Europe, and even extended to the East Indies and Batavia. San Francisco felt the shock from the United States, and also the recoil from the Old World. The loss to Europe was estimated at £63,000,000, England and the Continent having been in possession of American bills to the amount altogether of £100,000,000. The after-results to labour were disastrous. Manufactures in the New England States, which the Americans had done so much to foster, were at a stand-still. Cotton-spinning and weaving ceased for a time, thirty thousand men being thrown out of employment in New York alone. Rents fell as rapidly as they had risen, so that offices and houses fetching 20,000 dollars the year before could be rented for 2,000 or 3,000 dollars. On this item alone, in less than half a year, the depreciation amounted to 200,000,000 dollars. Mercantile affairs were not restored for a long while, and, large as is the interchange between Europe, especially England and the United States, a feeling of distrust and insecurity, first arising from the repudiation in an earlier year of the debts of various states, increased by an excessive tariff upon manufactures, was further confirmed by this memorable crisis of 1857.

COMMERCIAL CRISIS OF 1866.

To comprehend the special character of this last great derangement, it is necessary to show briefly the nature of the discount houses of London, as compared with the banks, and the relation they bear to the Bank of England. It is the duty of bankers to be prepared at all times, on demand, to return the whole or any part of the funds entrusted to them by their customers. Bankers take care of their customers' money, as a rule, without charge. The joint-stock banks even pay interest when a remunerative balance is kept. Bankers obtain their profits by lending this money, or, what is the same thing, by discounting bills of exchange, which are securities for loans, and generally drawn at short dates. At first sight it might appear that a banker was not justified in risking money belonging to others in such a manner, inasmuch as, were he called upon suddenly by all his customers for their balances, he could not pay them, and would thus break faith. In answer to this, it is known to the customers of the bank that the money is thus used, and their assent is given by the fact of their voluntarily opening an account. Again, the banker knows that while business is conducted as at present, his services will always be in requisition, and that, while his bank retains the confidence of his customers, there is no more probability of their depriving themselves of the advantages that he offers them, than there is of his refusing their custom. The customer is secured against loss in various ways. Bankers are men of fortune, or there is a subscribed capital of large amount, ready to make good any losses. Then, only a portion of the customers' money is lent, and that so as to be easily realised. A large reserve is maintained to meet any sudden demands; the acceptors of bills are known to the bankers as merchants of repute; and the amount of business is constantly regulated by the capital in reserve. Above all, bankers in whom the highest confidence is placed are men of known probity and skill, who have earned that confidence by long experience and upright conduct.

The Bank of England is honourably distinguished above all other English banks by the largeness of its reserves. Through a long history it has never swerved from this principle for the chance of making exceptional profits. Its proprietary, nevertheless, seldom divide less than 10 per cent. Confidence in the Bank is so great that customers gladly bank there without interest upon their current accounts, however large. London bankers, too, keep large balances at the Bank of England.

This stable character, so long preserved by the Bank of England, has mitigated our financial panics and often redeemed English trade from the utter discredit which has several times befallen that of the United States. Joint-stock banks, desiring to earn large dividends for their shareholders, use their customers' money more freely in discounts, and keep their reserve fund more narrowly within the margin of safety. Several of the London banks divide profits to twice the amount of the Bank of England.

Some banks have stepped outside the limits of their business, and made advances on questionable securities, or at long dates, and so have succumbed to the pressure of a reverse. Conducted on right principles, the failure of a bank is impossible, and the commercial morality of the present day is inclining to regard such an event not as a misfortune but as a fraud, to be adjudicated upon in a criminal court rather than in that of bankruptcy.

Discount-houses differ from banks in that they accept deposits at interest for a stipulated term, but do not collect and pay on a running account for their customers. Besides discounting bills that represented merchandise, these houses, during the commercial period we are now describing, advanced large sums to contractors and companies, hypothecated on works in progress, as railways, ocean steam-ships, factories, and manufactures. From the facility with which capital was thus obtained many unsound enterprises were started. The failure of a few such schemes disturbed public confidence, and depositors began to clamour for their money. At such times, these discount-houses, whose reckless competition had taken away much of the business of the Bank of England, generally fell back upon the national institution, pressing the Court of Directors to "relieve industry," meaning thereby to provide the discounters with capital to save them from the consequences of lavish and unprincipled credit. They were tided over their difficulties at various times, even to bringing the Bank within the verge of danger, and always to the inconvenience of its regular customers. Ultimately, the Bank of England declined the business of the discount-houses, and had to bear, in consequence, the charges of "tightening the money market," of "putting on the screw," of destroying industry and commerce, and of sundry other offences against the public well-being.

An act was passed in 1855 for limiting the liability of shareholders in joint-stock companies to the amount of the nominal value of the shares held. Before this time every shareholder in such company was liable to the company's creditors to the whole extent of his property. There were several revisions by Parliament of this act, which, despite all precautions, was soon grossly abused. In less than ten years there had been formed 3,830 joint-stock companies, of which nearly a thousand had, in 1864, gone out of existence. Old companies amended their articles of association, and accepted the principle of limited liability. Private firms started as companies, and insolvent trading schemes took advantage of the fashion of the day and were transformed into limited liability companies. Prominent amongst the rest were various discount-houses, and, towering over them all in the magnitude of its business, was that of Overend, Gurney, and Co., whose advances sometimes reached a total of £20,000,000 sterling.

There now sprang up anew all the phenomena of fictitious trade; its peculiarity on this occasion being a rage for promoting limited liability companies. Events followed each other in quick succession. Enormous losses were sustained. Bankruptcies in England, which in 1857 were 1,488, a very high number, mounted up to the unprecedented total of 8,470 in 1863, and, although many of them were due to an easier bankruptcy law passed in 1861, yet the abuse of the new Limited Liability Act was responsible for a large proportion. As usual, the Bank of England was called upon to remedy the spendthrift policy of less prudent traders; and, although the directors had guarded themselves against the discount-houses, yet the drain upon its resources was very great, and many sudden and violent fluctuations in the rate of discount had to be resorted to during the years 1863, 1864 and 1865.

The crash came in 1866. Messrs. Overend's firm was crippled by losses before being made over to a limited liability company. The immediate cause of its downfall was, however, the sudden conclusion of the American war. The duration of this war had produced a cotton famine, and the commodity rose to many times its former value. The trade therefore, always speculative, became much more so. An immediate fall in the price of cotton, with the prospect of a continuously declining market, followed the close of the war. Numerous houses of business had to sell at a ruinous loss, and failed to meet their engagements. Banks, discount and other financial houses, which had made advances on the security of cotton, were forced to suspend payment either temporarily or permanently. The fall of Overend and Gurney astounded the world, and "Black Friday," 11th May, 1866, became a new and long-to-be-remembered commercial date. The disastrous effects spread through the whole mercantile community, involving in ruin individuals and institutions against whose solvency no whisper had before been heard, but whose capital was locked up in unrealisable securities, or was invested in projects which, with the failure of confidence, entirely collapsed. Much commercial immorality was brought to light, and commerce suffered seriously and long. Three years afterwards the sad spectacle was witnessed of mercantile men, who had ruled the commercial world as princes, whose word had been as good as other men's bonds, being arraigned on charges of fraud. The prosecution served invaluable public ends, but the charges, happily for the honour of men who had been unfortunate as well as unwise, could not be sustained.

CHAPTER XVIII.

CALIFORNIAN GOLD DISCOVERIES.

THE excitement in both worlds which was caused by the discovery of gold in California gives an interest to the history of territories a few years ago almost untrodden by man. Cabrillo, a skilful Spanish mariner, commanding an expedition of discovery, undertaken at the charge of the Viceroy Mendoza, in 1542, was the first European to attempt the settlement of California, although Cortez has the credit of its discovery about five years earlier, in 1537. Sir Francis Drake, in the course of his voyage of circumnavigation, paid a visit to the country in 1579. He landed on the future site of San Francisco, whose bay, opening to the Pacific, is one of the finest harbours in the world. Drake left it on record that "there is no part of this country wherein there is not some special likelihood of gold." Monterez, the Viceroy in 1602, unsuccessfully endeavoured to found a colony on the same spot.

Colonisation took root in 1769, when several Spanish missions and military stations were planted from Mexico, the Spanish governors of which administered the affairs of the province from that date till Mexico separated from Spain in 1823. Mexican governors were then appointed, twelve of whom, in succession, were unable to maintain tranquillity, till in 1836 the governor for the time being and his staff were quietly shipped back to Mexico, and California claimed the rights of an independent state—a demand which Mexico was unwilling to concede, but was unable to contest. A desire began to arise for annexation to the American Union. The country was occupied by American troops during the war with Mexico, and it was ceded to the United States in 1848, from which date its actual history begins. In 1850 it was made a state, and grew rapidly in wealth and population.

Gold had been discovered in great abundance by Captain Salter and Mr. Marshall in 1847, and this doubtless was the chief cause of its admission to the American Union. Drake's prevision was verified by accident. Whether he formed his judgment upon hearsay, from the appearance of the country, or from its connection with Mexico, his words were quoted for more than two hundred and fifty years without an effort being made to prove them true. Marshall was putting up a saw-mill on the river Sacramento for Captain Salter, a wealthy American resident, when he found some pieces of gold at the bottom of the tail-race, and a further search proved that the whole region was auriferous. Immigrants flocked to California from every point of the compass. A stream of ardent Americans set in overland. The sparsely peopled parts of South America contributed their quota, coming by way of Buenos Ayres to Valparaiso, and by the Isthmus of Darien or Panama. The harbours of Europe were crowded with passengers bound for El Dorado, and Chinese exclusiveness gave way before the fever, spread by the news of the discovery of gold.

San Francisco, the capital of California, was in 1845 a station containing only a hundred and fifty inhabitants. Its remarkably speedy growth has few parallels. Within a few years it developed into a splendid city of fifty thousand people; its harbour was filled with the fleets of all nations, while the whole population of the state reached seven hundred and fifty thousand, now increased to one million souls. The gold mania seized all classes of the community to the neglect of every other department of labour. Food, clothing, and other necessaries of life ran up to fabulous prices. For many years the gold obtained was worth, on an average, more than ten millions sterling per annum. Ultimately, it may prove that, abundant as that precious metal appears to be, it is not the most valuable of the resources of California. Gold so engrossed the attention of the diggers that the rich mines of silver and cinnabar, of plumbago and manganese, of copper, iron, and coal were at first neglected, but they are now extensively worked. The region possesses a fine climate and a fertile soil, as well as an abundance of mineral wealth. As the delirium of the gold fever subsided, the cultivation of the ground was resumed, and wheat and flour became regularly exported. Agriculture now flourishes, land is rapidly rising in value, and the harvests of California are proving a source of wealth less capricious in their yield than the washings of blue clay, or the crushings of quartz reef.

The mineral wealth of the vast region lying to the west of the Rocky Mountains, forming the great westerly division of the United States, is not confined to California. The adjoining states of Nevada and Idaho are perhaps equally rich in this regard; both gold and silver mines are worked on a scale of great and increasing magnitude, and various valuable ores abound.

CHAPTER XIX.

WEST INDIAN ISLANDS.—CENTRAL AMERICA.

AT the close of the last century England, occupied in war with France, neglected the West Indian trade. This circumstance renewed the favourable conditions which the Dutch and the Danes had enjoyed during the War of Independence. St. Thomas again became a great centre of trade, both legal and contraband, and the profits in consequence of the war were enormous. Citizens of the United States engaged in the same commerce, and when the Dutch were drawn into the war by France, the Danes and the Americans shared it between them. By the Treaty of Amiens, the French and Dutch colonies taken by the English were restored. As the islands had not been made battle-grounds, their prosperity, excepting in the case of St. Domingo, had never been so great as at this period. Before the Revolution the French had valued the agricultural produce of their part of St. Domingo at £8,000,000 annually. With freedom, the negroes proved indisposed to labour, and the produce fell off; while the jealous restrictions placed upon the whites, who were prevented from holding property or becoming citizens, annihilated commerce. Cuba and Jamaica had meanwhile proved equal to the demand made upon them by the fast growing taste of the European states for sugar and coffee, the cultivation of which was more skilfully pursued, and the yield correspondingly enlarged. Sugar was obtained to a small extent from the Bahamas and San Salvador. An active traffic with Yucatan and Honduras in mahogany, logwood, and other timbers, was also carried on by England and the United States.

The character of West Indian commerce when war broke out again in 1803 underwent a change. England now possessed two great competing interests: that of the general trade to the West Indies, and that of the monopoly of the East India Company. Sugar and various other commodities were cheaper from the East than from the West India Islands, and the planters of the latter colonies complained of the disadvantages. The Government, in its economical ignorance, placed a discriminating duty upon sugar from the East Indies, in order, as it was said, to equalise the position of the producers, but in fact to save the West Indian planters the stimulus to the employment of that greater judgment and skill which alone would enable them to compete with their rivals on equal terms. These commercial conditions were modified before the permanent peace in 1814-15 by changes of public opinion on the subject of slavery and the slave trade. Many of the insular conquests of the British reverted to the Dutch in 1815, and the English and the West Indian waters were opened to vessels of all nations. English, French, Dutch, German, and American traders quickly crowded the ports, bringing fabrics and provisions from Europe and America, and vying with each other in the distribution of West Indian produce to every quarter of the globe. Havannah reaped the benefit of its new freedom; trade brought great prosperity, which spread also to Porto Rico, and coffee as well as other produce was greatly increased. The English could hardly maintain the lead when pitted against so much energy and enterprise, but in some measure retrieved themselves by extending their trade to Brazil and other parts of South America.

Another modification of commercial conditions in the West Indies was brought about by the development of industry in the Southern States of the American Union, which were found as well suited for the cultivation of rice, sugar, and tobacco as the West Indian Islands. One object of cultivation, cotton, proved to be pre-eminently profitable. Its extensive culture led to the comparative abandonment of the cultivation of the other products, which was resumed by the planters of the West Indies, who in turn gave up the growth of cotton. The rate at which this change was brought about is indicated in the subjoined table:—

	1791. Bales.	1823. Bales.
Cotton from West India Islands to Liverpool	26,000	11,000
„ „ Southern States „	64	410,000

The West Indian trade was again injured by the independence of the Spanish Republics of South America. So stringent had been the ordinances against foreign traders hitherto, that the produce of the Spanish Main could only be procured in Spain, the emporium of Indian goods, or by means of the contraband trade in the West Indian Islands. When every vessel could trade direct with the independent States, smuggling necessarily ceased. The North American Union, enlarged by the accession of new states, extended to the Gulf of Mexico, and carried on a brisk trade with the Spanish Republics, the profits of which had once accrued to the West Indies. Still further, the French, English, Danes, Swedes, and the Hanse Towns divided their commerce in like manner, until the island planters could only continue their trade by submitting to lower prices.

The year 1825 was eventful to America. Brazil was recognised by Portugal as independent. The Spanish Republics had changed their contentions with Spain to contentions with one another. France recognised, after many years of uneasy relations, the independence of Hayti. England threw open the ports of Jamaica to universal trade, except in the case of the American Union, because the customs duties of the latter were heavier against England. The privilege was of nominal rather than real value to European states, for English consignments were almost always preferred, both through loyal attachment to the native country and on account of their superior cheapness. The United States felt but slightly the exception in their case, as they had an unrestrained traffic with the other West Indian Islands, furnishing them with timber, flour, fish, and provisions.

The pacification between France and San Domingo, in 1825, was cemented by a treaty of commerce which imposed a protective duty on coffee, the chief of the then limited products of the island. English intercourse was repressed by similar fiscal burdens. Dyewoods, mahogany, horns, and tobacco, were still exported, but sugar went out of cultivation, as it required more labour than the free negroes were disposed to bestow. The United States and the Hanse Towns were the next important traders with San Domingo. The unusual impetus given to West Indian trade by the recent American civil war has spent itself, and the total value of West Indian colonial produce exported to England has resumed its normal dimensions.

Jamaica imports goods to the amount of a million and a quarter sterling, and exports about one million annually. British Guiana imports to the value of a million and a half, and exports to about two millions and a quarter. The rest of the British West India possessions, including British Honduras, possess a trade of seven and a half millions. British commerce with Cuba and Porto Rico is large. The imports therefrom, in 1860, amounted to three millions sterling in value, and consisted chiefly of sugar, cigars, and tobacco, while the exports to these parts, mainly of British manufactures, exceeded the value of a million and a half. In 1866 these had increased in value by a million sterling, while the imports from the United Kingdom remained nearly the same as in the former year.

We observe, in general, of the produce of the West Indies that it consists almost wholly of raw materials. Manufactures are unimportant, unless first-products such as cigars, rum, and molasses be included in the list. For manufactured goods, therefore, the West Indian colonies rely upon Europe and the United States, and more especially upon the United Kingdom.

The islands carrying on a trade of any considerable extent with the United Kingdom, at the present time, are Porto Rico, Cuba, Jamaica, Barbadoes, Trinidad, Hayti, and Martinique. The extent of their trade may be gathered from the appended summary of recent transactions.

	Imports from Great Britain.	Exports to Great Britain.	Total.
Porto Rico, 1862 . .	£1,839,821	£1,158,792	£2,998,613
,, 1866. . .	1,541,020	1,712,346	3,253,366
British Imports, 1866 .	308,659	496,172	804,831
Cuba, 1864 : Havanna .	2,793,025	3,467,400	6,260,425
,, Matanzas .	265,624	1,080,100	1,345,724
	£3,058,649	£4,547,500	£7,606,149
Cuba and Porto Rico together, 1870 . . .	2,512,634	5,362,339	7,874,973
Barbadoes, 1863 . . .	878,207	981,142	1,859,349
,, 1865 . . .	953,335	1,161,161	2,114,496
,, 1870, G.Brit.	520,864	658,306	983,170
Jamaica, 1863 . . .	1,087,529	1,007,925	2,095,454
,, 1865 . . .	1,050,984	912,004	1,962,988
,, 1870 . . .	1,082,072	1,364,951	2,447,023
Trinidad, 1865 . . .	810,347	820,109	1,630,456
,, 1870 . . .	424,819	1,014,838	1,439,657
Hayti and San Domingo, 1863	1,743,052	2,458,000	4,201,052
, ,, 1864	2,045,333	1,895,000	3,940,333
From Great Britain 1870	395,486	230,832	
Martinique and Guadaloupe, from Great Britain, 1866	26,393	3,852	30,245
,, ,, 1870	41,851	60,730	102,581

CHAPTER XX.

SLAVERY AND THE SLAVE TRADE.

THE stupendous energies aroused by the French Revolution affected more or less the fortunes of every race. A revolution in St. Domingo was one of its early fruits. In 1791, the slaves rose against their French masters, and the greatest atrocities were committed on both sides. Affairs in France were too disturbed to allow of troops being sent to help the colonists; and in 1793 the whites were universally massacred by the negroes. In 1794, the National Convention decreed the freedom of the negroes, without giving up the sovereignty of the island; but after various disconnected efforts to regain their authority, the French ceased to molest their former slaves, whose history has since been that of an almost chronic state of turbulence and bloodshed.

Meanwhile strenuous exertions were being made in England to induce the legislature to put a stop to the slave trade. Granville Sharpe, who had taken up the cause of negro slaves in London, obtained, in 1772, the famous declaration from the judges, which Cowper almost literally transcribed in the oft-quoted lines—

> "Slaves cannot breathe in England. If their lungs
> Receive our air, that moment they are free.
> They touch our country, and their shackles fall."

Austria, whose interests in the trade, however, were of the smallest, had already declared against it in 1782. Clarkson, in 1785, gained the prize essay at Cambridge on the subject of the slave trade, and thenceforth consecrated his life to the task of releasing the negro from his bonds. Aided by Wilberforce, who looked upon the mission as one for which God had specially ordained him, he laboured to rouse the public opinion of England to a sense of the sinfulness and inhumanity of the traffic. The magnitude of the task undertaken by these philanthropists can hardly now be comprehended. West Indian prosperity was believed to be dependent upon the African slave trade. The few isolated and feeble voices raised against it reached the ears of a generation living complacently upon profits thus denounced. Every planter in America employed slaves, and the English, French, and Dutch merchants contested the privilege of supplying the Spaniards, who engaged in the active commerce only in a trifling degree. For twenty years Wilberforce importuned Parliament in vain, but eventually he succeeded in bringing about a complete change of public sentiment in relation to the trade, which was in our own century denounced by law as piracy, and is now regarded with general horror and detestation.

In 1805 the importation of slaves into new colonies was forbidden by the British Parliament; in the following year the importation of slaves into any foreign country was made unlawful; and in 1807 the trade itself was extinguished throughout the British Empire. At the peace of Vienna, in 1815, a formal renunciation of the traffic was made by the great powers, and a mutual right of search at sea for the discovery of slaves was agreed to. The United States refused compliance with this stipulation, but England enforced the new law by the presence of a fleet off the West Coast of Africa. A pecuniary penalty was imposed upon every trader caught with a cargo of slaves; but this proving of no effect as a restrictive measure, the trade was made piracy, punishable by death at first, but afterwards only by transportation for life. These principles were accepted, but not earnestly carried out by the other states who were parties to the compact.

Slavery continued after the traffic in slaves was made illegal, and gave the Spaniards and Brazilians (both, in violation of good faith, importing slaves), an undue advantage over the West Indies generally. If we wait for the end, however, we shall perceive that this advantage was more apparent than real, and that the whole series of events illustrates the moral laws which regulate, unseen, all social phenomena. The absence from Spain and Portugal of the sentiment, which made the slave trade unendurable to other nations, was but a consistent feature in their long course of sordid policy. Both in Cuba and Porto Rico a covert slave trade was connived at by the authorities, and slavery remained a recognised institution in the Southern States of the American Union, as well as in Brazil. Certainly a heavy penalty had to be paid by the Spanish colonists, at the time of the nominal abolition, for generations of debasing slavery, as the natural result was, an incorrigible repugnance to labour on the part of the freed negroes, a consequent paucity of labourers, and a serious diminution in the wealth of the two islands. The risk incident to this illicit traffic, which was conducted by the slave dealers of the United States, raised the value of slaves in the Cuban and Brazilian markets.

The progress of public opinion in England finally rendered slavery itself intolerable. The year 1834 was made memorable by its abolition throughout the British dominions, and measures were taken for the gradual manumission and industrial training of the negroes. An indemnity of £20,000,000 was voted by Parliament to purchase the liberty of every British slave. By this act 770,280 human beings, previously slaves, became free. Complete emancipation was arranged to take place in 1840, after six years' apprenticeship, the results of an indiscriminate and suddenly acquired freedom being feared. Few of the planters waited the full time to release their slaves, now imbued with a sense of liberty, and less amenable to discipline. Since 1834 we have been guiltless of buying and selling our fellow-creatures, or looking upon them as chattels.

Slavery was abolished in 1838 throughout the possessions of the East India Company. Had Spain and Brazil been faithful to their engagements, the slave trade would have sooner come to an end. Slavers were built with the one view of speed, and the wretched Africans were less regarded, and packed closer, than cattle; and twice as many were computed to reach America as before the blockade of the West Coast. If a third of the cargo survived, it was considered a good venture; and when one slaver out of three escaped the British cruisers, the profits of the uncaptured repaid the enterprise. The horrors of the "middle passage" were increased, and the destruction of life was doubled, the humanity of England proving, in some respects, detrimental to the negro whom it was meant to befriend. This result admitted of only a very partial remedy till the recent civil war in the United States, when, on the defeat and submission of the Southern States, in 1865, the slaves were freed by proclamation of the Government. Slavery is now within manageable limits, and in civilised countries appears in a fair way of becoming universally extinguished.

The economic results of emancipation were not wholly favourable. Treated as beasts of burden, slaves had but one idea of freedom—that of being released from labour. Complaints of their indolence and sensuality were loud. If the planters were unwilling to accept three days' work in the week instead of six, at a rate of wages which doubled the cost of negro labour, the whole force of a plantation marched off at a critical time, and raised round their small cabins pumpkins enough for themselves and families, without letting their labour for hire. The maintenance of a slave was reckoned at £7 10*s*. per annum; a free negro would not work under £16. Jamaica presented some admirable exceptions. By temperance and economy, many of the former slaves were enabled to enter into the retail trade, and some of them acquired landed estates. Nevertheless, production and commerce fell off, Trinidad and British

Guiana alone showing an increase. The sugar produce was much affected by these circumstances; its supply diminished, while the home demand increased. Its price rose 9*s.* 4*d.* per cwt., or 1*d.* per lb.—a very material rise, when computed upon millions of hundred-weights. A still greater difference would have been caused had not the distillation of rum from sugar received a great extension, and promoted the cultivation of the cane. Government tried to compensate the planters for the loss by a discriminative duty upon slave-grown sugar, a course also advocated as discountenancing slavery. Much of this sugar was, notwithstanding, consumed in England, the law being evaded, as all such artificial laws are, by a double consignment, the sugar being sent to a free port first, and thence despatched elsewhere. An equalising duty was likewise put upon the cheaper sugar from the Mauritius and the East Indies, although it is hard to say what the growers there had done to deserve this fine, in order to make up the losses of the planters in the West Indies.

Many efforts were made to encourage the immigration of free labour into the colonies. German and English labourers proved unsuited to the climate, and few could be induced to go. Hindoo coolies were tried, but their physical weakness rendered them even more unfit than the native Indians. Their importation therefore was prohibited. The shipment of free negroes from the mainland and from Africa was suggested, but the liability of such a traffic to be abused was clearly seen. Resumption of negro slavery and of the slave trade found a few advocates. The hardy frame of the negro, and his adaptation to the climate of the tropics, make him appear the right man in the right place, when working on the plantations; but slaveowners argue that, unless forced, negroes will not work. Experience proves, on the other hand, that free negroes work cheerfully, and that if the mass be indolent and sensual, it is the penalty we are paying for two hundred years of servile ignorance. If we only realise what would be the condition of men subjected for an equal time to the influences of freedom and civilisation, there would be no more complaint of negro license and laziness than there is of the vices of the planters.

The serious effects produced by the abolition of slavery upon the exports from the British West Indies of the staple products of sugar, rum, and coffee are displayed in the following tables. We must, however, keep in mind that the falling-off in profits is not a proof that slavery should have been continued, but that it ought never to have begun.

	SUGAR.	RUM.	COFFEE.
	cwts.	gallons.	lbs.
1831.—Jamaica . . .	1,429,093	3,522,463	15,644,072
„ Other Colonies, including British Guiana . . .	2,674,603	4,321,457	4,386,730
Total . .	4,103,696	7,843,920	20,030,802
1841.—Jamaica . . .	528,585	1,276,551	7,618,890
„ Other Colonies, including British Guiana . . .	1,622,632	1,493,588	2,308,799
Total . .	2,151,217	2,770,139	9,927,689

The production of coffee for British use has at length been permanently transplanted to Ceylon; but that of sugar and rum is recovering, with the higher prices obtained by the planters of later years. The exports to Great Britain alone, in 1870, having been as follow, from the West India Islands and British Guiana:—

Sugar	3,671,417 cwts.
Rum	5,761,399 gallons.
Coffee	7,138,066 lbs.

The crops vary much, according to favourable and unfavourable seasons.

The States-General of Holland passed a law in 1862 for the abolition of slavery in the Dutch West Indies, which took effect the following year. Negroes were publicly bought and sold in Brazil long after the slave trade had been condemned by the Government of that country. The number of the slave population in 1840 was reckoned at 1,600,000; in 1830 there had been only half as many. A later estimate, published under official sanction in 1867, reduces the slave population to 1,400,000. The Brazilian Government now appears sincere in its willingness to cooperate with England in the suppression of slavery. A law has recently been enacted, whereby the children of slaves are born free, and provision is made both for the complete abolition of the trade and for the ultimate manumission of every slave in the empire.

Slavery in the United States originated a long embitterment between North and South, ending in fratricidal strife. Questions of slave labour and the balance of political power raised difficulties in the recognition of new states, and especially that of Texas, by the European Powers. By the civil war, now happily at an end, freedom has been given by proclamation to nearly 5,000,000 negroes; the "domestic institution" has been for ever abolished, and with it the existence of the Cuban slave sales.

Since the diminution and gradual extinction of the slave trade, the settlements of the West Coast of Africa have been obliged to seek a more legitimate traffic. So demoralised, however, have the African tribes become, through the long continuance of kidnapping, that it is not easy to induce them to resort to honest industry, and recent explorations in Southern Africa have proved the continued existence of slave hunts.

When we contrast the grandeur of the opportunities enjoyed by the two Iberian kingdoms with their present prostrate degradation; when we reflect upon the forfeiture by Portugal of the magnificent empires of India and Brazil—by Spain, of the bulk of the two American continents; when we compute the penalty in blood and treasure and universal ruin, only just paid by the Southern States of the American Union; when we regard the close association between these historical events and the institution of slavery, we recognise the penalty paid for human folly and guilt; but hopefully through the terrible reparation we await a purer world.

CHAPTER XXI.

AFRICA.

EGYPT; BARBARY STATES—TRIPOLI, FEZ, MOROCCO, TUNIS, ALGERIA, FEZZAN; GUINEA COAST; SOUDAN; CAPE COLONY; MOZAMBIQUE; ZANZIBAR.

EGYPT, like Constantinople, dropped out of the annals of commerce from the beginning of the sixteenth to the end of the eighteenth century. Its present active life and prosperity were inaugurated by Mohammed Ali, who was appointed by the Sultan, in 1806, as Pasha of Egypt. Mohammed Ali, recognising what Egypt had once been, set himself the task of restoring her to a semblance of her former grandeur. This object became with him a passion to which he consecrated his life. His first attention was devoted to husbandry and trade. He planted many millions of trees, which are believed to have become a defence against the encroachments of the desert, and even to have attracted rain in places where it seldom or never fell. He revived the fame of Egypt as a corn-exporting country, and bestowed much care upon the cultivation of cotton and indigo. The wisdom of these efforts has been in our own day abundantly proved. Cotton is now a more valuable product in Egypt than even corn. The seed is sown in March or April, and the fibre is gathered in August or September. The yield averages about 300lbs. to the acre. Cotton was exported to England, in 1866, to the value of more than nine millions sterling, and to a greater weight than from any other country except India and the United States. The quantity has since increased. Silk in transit from India, China, and Japan, in the same year, reached the value of more than four and a quarter millions sterling. The whole value of the exports to England in 1862, was £12,225,000, and in 1865 it had risen to £21,750,000. Such an increase in cotton growth took place that Egypt was compelled to import corn. Cotton seed also was found to possess an economic value. An oil is expressed by crushing, and the refuse is made into cake or marc for fattening cattle, the nutritive power of which is greater than that made from linseed.

Mohammed Ali called commerce into being, in a very imperative manner. Thousands of his subjects were forced to labour in cutting a new canal from the Nile to Alexandria, in repairing the old one, which had been disused from the days of the Saracens, and in improving the means of inland communication. This policy is still pursued by the present Viceroy, Ismail Pasha, who quite as absolutely, but more humanely, keeps an army of *fellahs* employed in constructing canals and railroads, and who, by every means in his power, favoured the construction of the Suez Canal, so recently brought to a successful conclusion. Still further to foster commerce, Mohammed Ali held out inducements to foreign merchants, particularly English, to settle in Egypt. The number of European houses of business increased between the years 1822 and 1834 from sixteen to forty-four. Steam navigation was soon made available, and trade visibly increased. Difficulties never daunted this remarkable man, and there was no one in the land possessed of the same force of character. Steadfast in his purpose, he saw many years pass by with no apparent result. He took into his own keeping the most profitable divisions of labour connected with husbandry, handicraft, and trade, and he thus courted many difficulties while surmounting others. These government monopolies so interfered with the freedom of the foreign merchants that they began to withdraw from the country.

The principal exports from Egypt comprise cotton, rice, wheat, coffee, flax, gums, indigo, perfumes, drugs, senna, rhubarb, ostrich-feathers, fabrics of goats' hair, and wool; rags, pearls, raw silk, and Indian silk tissues, ivory and soda. The imports include timber, fibrous tissues, apparel, paper, glass, wine, and every variety of British and other manufactures. Austria, France, and the Tuscan provinces of Italy, next to England, are the chief purveyors to Egypt, while the British colonies, Russia, Holland, and Turkey, severally conduct a considerable trade.

One object that Mohammed Ali kept in view was the development of Alexandria as the port of Egypt, and its importance has since become very great. It is now a city numbering 200,000 inhabitants of all races, and outvies its ancient activity. He also aimed at making the pashalik hereditary in his family, if he did not even aspire to the throne of Constantinople. He created an army, and constructed a fleet upon the European model, at an expenditure that went far to counterbalance the success of his economic plans. His energy roused the suspicion of the Sultan, and attracted the attention of Europe. At the battle of Navarino, which led to the independence of Greece, his fleet, combined with that of Turkey, was destroyed by the united forces of England, France, and Russia, and he was obliged to quit the Morea. Subsequently he overran and took possession of Syria, defeated his sovereign the Sultan, and threatened Constantinople. Many battles were fought in the years 1831, 1832, and 1833, success usually attending the arms of the Pasha. The European powers intervened to bring about peace, which was broken again in 1839, upon the Turkish fleet deserting to the Egyptian ruler. The five great powers supported the Porte against its vassal. Sidon, Beyrout, and Acre fell, and after long negotiations, terms were agreed to, by which the Sultan granted Mohammed's demand that the pashalik of Egypt should be hereditary in his family, on condition that Mohammed in return should evacuate Syria. Egypt, during the French wars, and through these events, was brought prominently before Europe.

In connection with British intercourse with India, the question of the old overland route came again to be debated. Lieutenant Waghorn brought the first mail overland from Bombay in 1830. At the present time, the service is on the most complete and extensive scale. This overland route to India has had a material effect in raising Egypt to wealth and importance. Trade increases yearly in a steady ratio. In 1856, British vessels to the number of 596 entered the port of Alexandria; in 1865 they had increased to 932, and the total arrivals of shipping in 1870 were 2,886, of an aggregate burthen of 1,403,393 tons. The completion of the Suez Canal connecting the waters of the Mediterranean and Red seas, will further tend to revivify the trade of Alexandria, and prove another step towards the gradual restoration of Egypt to its place as a medium of intercourse between the east and the west.

Cairo is the interior depot of Egypt, receiving its supplies from Europe through Alexandria, and exporting from the same city the produce brought from a wide inland area.

Suez is a port of limited trade, much of which is in connection with the French works on the Canal, connecting Suez with Port Said, and to which reference has already been made in an article explanatory of the illustration, No. I. The vessels entering Port Said in 1870 were 1,294, of 739,249 tons, and at Suez 726, of 534,537 tons.

Barbary States.—These states, which played so great a part in the days of Carthage, and of the Saracens, have by no means regained their ancient fame or importance. Their existence during the modern commercial period was made known chiefly by the piratical character of their inhabitants, who scoured the Mediterranean, and were the terror of European mariners. The expedition of Lord Exmouth against Algiers in 1816, led the Dey to agree to a treaty in which he covenanted to restrain his subjects from piracy;

but it was not until the occupation of Algeria itself by the French in 1830, and its retention as a French colony, that the practice was effectually put an end to.

Tripoli, one of the pirate states, had retained a trifling industry and commerce, which served as a nucleus for expansion. Saffron, in particular, has been cultivated, and is always in demand. Tripoli interchanges with Turkey more than with any other country; 268 vessels, out of a total of 539 that entered its port in 1870, being Turkish, while only 35 were British. The whole value of the imports is under £300,000, and the exports are estimated to be of about equal value. European manufactures, grain, metals, tobacco, timber, coals, and colonial produce are imported; and oil, butter, wool, salt, dates, madder, skins, soap, ivory, feathers, natron, and oxen, are the principal exports. From Tripoli many of the imports are despatched by caravan to Fez, Morocco, and Fezzan, whence they reach Central Africa, and are exchanged for gums, balsams, indigo, and cotton.

Tunis, though the smallest of the Barbary States, was one of the most piratical. The capital stands a few miles from the site of ancient Carthage. Admiral Blake captured it so long since as 1655, in order to release the Christian captives taken by the corsairs. France had commercial relations with Tunis in the last century, obtaining therefrom oil, grain, wax, hides, gold, horses, ostrich feathers, and sending thither coffee, sugar, cloths, wine, brandy, and paper. The present trade of Tunis is unimportant, and is shared by England, Spain, Sweden, Denmark, Venice, and Italy.

Morocco is one of the most fertile parts of the Barbary States. A rude agriculture exists, and wheat, of which three harvests are gathered in the year, is frequently exported to Spain. Maize, dh'urra, rice, dates, and olives are cultivated. Cattle rearing is important; valuable horses, called Barbs, and fine-woolled sheep, are also bred.

Morocco has long been famed for its manufactures of leather, carpets, and arms, the first-named being beautiful and highly esteemed for choice work. Pink and red coral are dredged for along the coast by the Italians and French. From this state, whose chief ports are Tangier and Mogador, are exported almonds, beans, peas, canary seed, cotton, dates, goat-skins, gums, hides, maize, olive-oil, ostrich feathers, wool, and wax. Great Britain engrosses more than two-thirds of the trade, and France comes next. Spain, Portugal, Egypt, Belgium, and Italy, share to an unimportant extent the remainder. The value of the exports is three quarters of a million sterling, a sum which is rather exceeded by the imports, of which Manchester goods alone amount to one-fourth. The other imports embrace alum, saltpetre, copperas, iron, steel, tin, hardware, earthenware, cloths, linen, indigo, coffee, spices, sugar, and tea. Much older than its European trade is the caravan traffic in connection with the pilgrimages to Mecca. Morocco wares form part of the equipment of every caravan, and are disposed of in the different towns and resting-places on the way. Another route is that from Fez to Timbuctoo, and the caravans, provisioned with water, dates, and barley-meal, occupy about one hundred days in either direction.

Algeria.—The city of *Algiers* was taken by a French force under Bourmont and Duperré, in 1830, in retaliation for an insult offered to the French consul. The conquest of the adjacent territory was the work of several succeeding years (1830—1847). Great hopes were entertained that French authority would cause the province to flourish and commerce to take the place of plunder. France has done Europe a service in ridding the Mediterranean of the Algerine corsairs, but beyond this the colony has not been very successful. It is even now a heavy burden to the French people. All the efforts of France to promote industry were long frustrated by the unsettled character of the inhabitants, who could not be speedily changed from pirates into peaceful and loyal friends of their conquerors. War for many years kept off colonists from France, and a sense of insecurity prevented the cultivation of the ground. Considerable importations of French goods favoured the belief that trade was increasing, but it was soon found that the consumption was confined to the troops. Abd-el-Kader, in a harassing guerilla warfare, long opposed the might of France, but was at last taken captive; and with the exception of sundry expeditions against the Kabyles, to remind them of their terms of submission, the country has since been peaceful. Abd-el-Kader, after a long but honourable captivity, was released and permitted to settle at Broussa, in Asiatic Turkey, by Louis Napoleon, in one of his first public acts as Prince-President of the French Republic in 1852.

Algeria made its greatest progress under the Empire. Emigrants from Spain, Germany, Switzerland, Italy, and Malta, and as many as from all these together from France, were encouraged to settle in it, and the effects upon the productions of the country began to be perceptible. Hides, wax, and a few raw materials, too insignificant to enter into commercial statistics, completed the original list of exports. As cultivation spread, rice, wheat, and maize, were added to the produce, and still later, the vine, cotton, tobacco, and mulberry have been introduced, wine and silk furnishing no unimportant items of the wealth of the colony. The ancient cattle-rearing and pastoral industry are also in some measure revived, and wool, for which all the Barbary States were at one time famous, is now abundant enough for export. Most commercial nations have at the present time dealings with Algeria, and its exports are on the increase. French policy keeps the commerce as much as possible out of the hands of other states, whose trade is therefore inconsiderable, but that with France has greatly developed, rising from £248,000 in 1832 to £8,492,000 in 1861.

Soudan (Beled-es-Soudan, *i.e.* Land of the Blacks), Negroland, or Nigritia, properly so called, is the region or basin of the river Niger. Soudan occupies the central regions bounded by the Sahara on the north, by the mountains of

Kong and the highlands which form the water-shed of the Niger and Lake Tchad on the south, by Senegambia on the west, and Nubia and Abyssinia on the east. In navigating the Niger from its estuary in the Gulf of Guinea, we find in the course of thirty or forty miles up the stream, a thickly-peopled country in a condition very different from that of the coasts; but for a long while the existence of Negro kingdoms in Central Africa, as populous as many European states, was unknown and unsuspected. The development of the trade in palm-oil has incited adventurous traders to ascend the river. These have found many towns on its banks, some of them with a large population, regularly constituted markets, and other proofs of a considerable degree of civilisation. Such a town is Ebboe, the first reached, whose inhabitants are keen at a bargain in palm-oil, for which they eagerly take guns and powder, cottons, beads, rum, and mirrors. At Idda, Bocca, or Iccory, another large town, higher up the stream, a market is opened every tenth day and continued through three days. After passing many unimportant towns, Egga is reached, a place of great trade and varied industries. Its inhabitants trade up and down the river in their own canoes. Rabba and Koulfou are busy commercial towns, belonging to the kingdom of Nyffe. The natives of this kingdom are amongst the highest types of Negro vigour, both physical and mental, and in general the inland tribes are a finer race than those on the coasts. So great an industry and so good a market distinguish Rabba, that an island of the Niger, opposite the main town, is known amongst English merchants as the Manchester of Africa, and the town is the depot of the trade of Soudan. At Koulfou two markets are held every week, attracting traders from distant parts. The powerful kingdom of Yarriba has for its capital the large trading town Cyeo or Katunga, with a circumference of fifteen miles. Fundah, the capital of a neighbouring state, is described as being as large as Liverpool. The upper part of the Niger is known by the name of the Joliba, and flows through the kingdom of Timbuctoo, passing the capital of the same name. This state was once considerably more powerful, exercising a sway over much of Nigritia. It must still be regarded as the great mart of this part of Africa, although it can only secure the safety of its caravans across the Sahara by paying tribute to the Tuaricks. Mungo Park describes the Niger at Sego, considerably above Timbuctoo, as of the width of the Thames at Westminster. It is navigable nearly to its source during the rainy season and for a short time after, but the water in the dry season is not deep enough for navigation, even within a few miles of the estuary. Saccatoo, the capital of the powerful empire of the Foulahs, is four days' journey from the great river, and is the largest town of Soudan. Bornou is another powerful kingdom, still further to the east, occupying the inland basin of Lake Tchad, and having a caravan communication open to Fezzan and Tripoli.

The nature of the trade carried on so extensively through these wide regions may easily be inferred. European goods are greatly coveted, and reach the markets both by way of the Barbary States and of the Guinea Coast. Native produce received in exchange varies considerably. At Koulfou, salt, wood, and pepper are the burden of the caravans from the north; European textures of cotton and wool, brass, zinc, other metals, and cutlery, horses, raw silk, and petroleum, come by way of the Niger; Bornou sends a contribution from its caravans arriving from Tunis and Egypt. From Tunis, the goods consist of Maltese swords, beads, and Venetian mirrors and turbans; from Egypt they consist of cotton and woollen yarn, and woven linen. At Iddah, in like manner, European and other goods find a ready sale. In the market at Egga, the chief commodities are cotton, indigo, dye-woods, and palm oil. Rabbah exceeds every other market in the magnitude of its transactions, dealing in grain, indigo, wax, ivory, ostrich feathers, camels' and leopards' skins, Fez caps, and metal-work. At Boure, a hilly district of the Joliba, rich gold-mines abound, which supply the coast and the interior with much of that precious commodity. A trade in gold grains has long been established in every part of Soudan, and indeed gave the Gold Coast its name, as did Guinea, the country of which this coast forms part, to the English coins made of the gold brought thence.

West Coast Settlements.—Since the abolition of the slave-trade, commerce in these places has become of great importance. Palm-oil is now one of the chief commodities dealt in. The other constituents of trade are in great part the same as those of the towns on the margins of the Niger. The palm-oil now imported into England annually amounts to nearly a million hundred-weights, of a value averaging nearly two pounds sterling per hundred-weight.

Southern Africa.—The English South African settlements formerly belonged to the Dutch. The independent states of the Transvaal Republic, and the Orange River Settlement, north of Cape Colony, are still occupied by Dutch Boers. These settlers, who keep up an intercourse with Holland, are mostly employed in the rearing of sheep for the production of wool. The *Cape Colony* is of much more importance than these, and as the centre of commercial intercourse it absorbs fully two-thirds of the whole British trade of South Africa. Cape Town and Port Elizabeth are the chief ports. Trade is also conducted at Mossel Bay, Simon's Town, and Port Alfred. By a census taken in 1865, the population of the Cape Colony was found to number 566,000; above a third of white race, the other two-thirds being mixed races and aborigines, either of Kaffir or Hottentot stock. *Natal* is a newer colony, containing in 1869 over 269,000 settlers, and is of growing importance.

The South African traders export cereals, arrowroot, sugar, copper ore, ostrich feathers, dried fruits, cured fish, hides, ivory, skins, wine, and wool. Wool is their staple; the exports of every kind amount to £2,267,000, the imports to £1,968,000. Cotton has been grown in Natal, with success as to quality, but as yet leaving little profit on the cultivation. Arrowroot is a product of Natal, and sugar is grown largely, with the prospect of a still greater supply. Manufactories of candles and soap, distilleries and foundries, grist, sugar and saw mills, have been successfully established. The trade of Natal is almost exclusively with the mother-country and the Cape Colony. Its whole trade in annual value is about £380,000 sterling of imports, as against £363,000 exports. We export to our South African possessions apparel, furniture, coals, textiles, hardware, iron, leather, colonial and foreign produce, and machinery. The recent discovery of diamonds has proved a great attraction, and the supply seems to be inexhaustible, although subject to fluctuations.

East Coast of Africa, Mozambique, Zanzibar.—Comparatively little intercourse is maintained by European nations with these coasts, although the Portuguese formed trading-stations at Mozambique as soon as they had discovered the route by the Cape to India. The trade here is still chiefly in Portuguese hands. Some competition also exists between the English, French, and Americans. Zanzibar, which for a lengthened period formed part of the dominions of the Imaum of Muscat, has been since 1857 a distinct sovereignty, under the rule of a Sultan of Arab descent. Zanzibar is the seat of considerable commerce. Its ruler has encouraged the cultivation of sugar and the settlement of foreign colonists, but without any very decided results.

Zeyla, in the south of Abyssinia, is one of the chief trading marts in this part of Africa, at which ivory, hides, gums, and ostrich feathers, together with the indigenous coffee of the country, are bartered against the merchandise of the Arab traders who have settled at Berbera, on the Gulf of Aden. England, by its station at Aden, competes with advantage against France in these regions; yet, excepting an occasional cargo of sugar from Mozambique, and a consignment of coal thither, little commercial intercourse is carried on. The Portuguese, in their commercial list, add gold, ivory, and beeswax.

CHAPTER XXII.

EUROPEAN AND ASIATIC TURKEY. PERSIA. INDEPENDENT TARTARY. AFGHANISTAN. TURKISH COMMERCE.

THE modern epoch, beginning in 1453, when Mohammed II. took Constantinople, and made it the seat of the Turkish empire, may be regarded as the period of cessation of the industry and trade of the conquered land. Religion and temperament combine to render the Turks indolent, proud, and disdainful of foreign intercourse. The Black Sea was substantially closed to all nations for four hundred years.

A partial intercourse with France resulted from an alliance between Solyman the Great and Francis I. early in the sixteenth century. Cardinal Richelieu, in the century following, tried to develop a vigorous Levant trade, and Colbert, with more success, caught the taste of the Turks with French woollens, known as Loudonnes, for which a considerable demand was created, thus preparing the way for the introduction of coffee, sugar, and other colonial produce. The Black Sea was partly opened to Russian trade by treaty in 1774, and to the British in 1792, and since the Crimean war the passage of the Bosphorus has been permitted to the ships of the whole world.

The early intercourse gave France an ascendancy in the Turkey trade, which it did not afterwards lose, despite the competition of the English, Dutch, and Genoese. When graver matters occupied the French Republic after 1789, England enjoyed until 1815 the control of this trade. A British chartered company, called the Turkey or Levant Company, had possessed some trade since 1579, and its privileges did not wholly cease until 1825, but compared with the former trade of the Arabs or the Greeks, modern Turkish commerce was quite insignificant.

Turkey, during the recent period, has made advances towards western civilisation, and the Sultan, throwing aside old traditions, has visited Christian sovereigns. With the exception of the direct intercourse with Constantinople, secured to Russia on the cession of Taurida in 1784, the trivial character of the commerce may be judged from the fact that two or three English vessels making an annual voyage with an assorted cargo proved sufficient. It increased when Malta was formed into an entrepot of British commerce. Greek merchants, with an intuitive perception that recalled the days of Pericles, saw in that circumstance a basis of commercial enterprise, and started on a brisk course of interchange between Malta and Constantinople or Smyrna. British manufactures were as readily taken by the Turks as the dried fruits, rhubarb, opium, and raw silk, which they offered in exchange, were desired in the English markets. In 1812 an English merchant established a house of business at Constantinople, and directed for a considerable time the whole course of the trade.

After the peace in 1815 France expected to be able to renew its former Turkey trade, but found that England had gained too firm a hold. Nor had other commercial nations any better success in affecting the virtual monopoly enjoyed by England. Next to this country, the port of Trieste, the Mediterranean outlet of German and Belgian goods, carried on the largest trade with Constantinople.

The Danube appears to present a great highway for commercial intercourse between Turkey and other parts of Europe, but political, as well as physical, obstructions rendered it of little use in navigation. The vast quantities of mud brought down by the river form banks at its mouths, so that the Sulina passage, the chief channel, is [illegible] kept open to vessels by constant dredging. In many parts the current runs with such force that for vessels to ascend the river is a tedious and difficult task. Near the Iron Gate, or narrow passage through the Carpathians, the river rushes over a bar of rocks stretching right across the stream, and opposing the course of any vessels drawing more than two and a half feet of water. Over the plains of Hungary, and along its lower course in Turkey, the Danube spreads out in shallow meanderings, enclosing within its branches numerous islands and extensive marshes,

> "And like a serpent shows his glittering back,
> Bespotted with innumerable isles."

As if these impediments were not enough, the various states through which the river flows have added tolls and sanitary restrictions of very vexatious and exacting character. Russia, till the conclusion of the Crimean War, had control over the Sulina mouth, ceded by Turkey in 1812, and by neglecting to dredge it, though bound by treaty to do so, rendered the whole of this grand waterway of very little use. Corn coming down from the productive principalities of Moldavia and Wallachia has occasionally been transhipped outside the bar by the agency of lighters, at great cost and risk in consequence of the rapid increase of mud. Russia altogether closed the Sulina passages in 1854 when at war with Turkey.

Steam navigation on the Danube was projected in 1830, and the Austrian company launched steamers of light draught that could pass over the rapids. A Bavarian company was chartered in 1836. These companies certainly increased the river traffic, but not to its full capabilities.

A canal which unites the Altmuhl, a tributary of the Danube, with the Regnitz, an affluent of the Main, connects the navigation of the Danube and the Rhine, and thus provides the means of intercommunication by water to a large part of Europe, although any great access of trade from these sources has been prevented by a multitude of tolls. By blasting the ledge of rocks between

Widdin and Belgrade, a channel has been cut for vessels which now proceed direct to Galatz and Brailov, near the Black Sea, without the transhipment of their cargoes. In 1856 the Danube was for the first time made free to all nations, and a commission of European states undertook to remedy the physical obstacles to the navigation. Great increase of traffic has already resulted, in the profits of which every town on the banks of the river participates. British trade alone, imports and exports, with Turkey and the Danubian principalities became augmented from less than nine millions sterling in 1856 to more than fourteen millions in 1866. In 1870 this had further increased to nearly sixteen millions, the imports exceeding the exports in value by rather less than half a million sterling.

Turkey is notwithstanding in a deplorably backward state. Foreign trade is not conducted by Turkish merchants, but by the English, French, Italians, Greeks, Armenians, and Jews. Large as the commerce appears to be, nearly all the exports are raw materials, the spontaneous produce of a fertile soil and a balmy climate, and but little is due to steady industry. The amount is really small from an empire covering (if we include the tributary territories) more than a million square miles. Manufactures, once numerous, now hardly exist. Anatolia produces Turkey carpets of excellent durability and beauty, which are only surpassed by the products of the looms of Persia in costliness and delicacy. A few coarse woollens and cottons and some metal works remain, but the commercial system of Turkey, that of unrestricted trade, has not favoured manufactures. Machine-made goods from England and France give no chance to the native fabrics. Every department of labour is in a backward condition. Husbandry is still in a primitive state. There is no real security for property, and might is the chief law in the provinces. Pashas kept, by fear of the bowstring, from offending against their sovereign, but there is no real check upon their rapacity and tyranny in their respective governments. Under such conditions industry cannot thrive. No one who is liable to be robbed of the fruits of his labour will cultivate the ground with zeal. It is scarcely needful to say that the inland communications of the empire are imperfect. There were neither railways nor canals till the last few years, within which a railway from Aidin to Smyrna has been opened, as well as a line connecting the port of Varna, on the Black Sea, with the valley of the Danube. Horses and asses are the means of conveyance in European Turkey, and camels are in common use in the Asiatic division of the empire. There are few roads on which carriages can be used. These are the causes that have as yet frustrated all efforts for the renovation of Turkey, and commercial freedom alone has maintained the vitality the country still possesses. Early in the present century, prohibitions were tried for a time without working well, and were removed in 1839 by treaties with England and Austria, in the advantages of which Russia, France, and Prussia soon afterwards participated.

A recent writer on Turkish history says: — "Their capital is Constantinople, a kingdom in itself, more coveted than many realms. Austria and Russia have alternately united and contended for the splendid prize: it broke up the alliance of Erfurt, and carried the arms of Napoleon to Moscow; and in these days it has dissolved all former confederacies, created new ones, and brought the forces of England and France to the Bosphorus, to avert the threatened seizure of the matchless city by the arms of the Czar.

"Its local advantages are unique, and its situation must ever render it the most important city in the Old World. Situated on the confines of Europe and Asia, with a noble harbour, it centres within itself the trade of the richest parts of the globe; commanding the sole outlet from the Euxine into the Mediterranean, it of necessity sees the commerce of the three quarters of the globe pass under its walls. The Danube wafts to its quays the productions of Germany, Hungary, and Northern Turkey; the Volga, the agricultural riches of the Ukraine and the immense plains of Southern Russia: the Kuban, of the mountain tribes of the Caucasus; caravans traversing the Taurus and the deserts of Mesopotamia, convey to it the riches of central Asia and the distant productions of India; the waters of the Mediterranean afford a field for the vast commerce of the nations which lie along its peopled shores, while the more distant manufactures of Britain and the United States of America find an inlet through the Straits of Gibraltar. The pendants of all the nations of the earth are to be seen, side by side, in close profusion in the Golden Horn; 'The meteor flag of England' and the rising star of America, the tricolor of France and the eagles of Russia, the aged ensigns of Europe and the infant sails of Australia. Hers is the only commerce in the world which never can fail, and ever must rise superior to all the changes of fortune—for the increasing numbers and energy of Northern Europe only render the greater the demand for the boundless agricultural productions of Southern Europe, and every addition to the riches and luxury of the West only augments the traffic which must ever subsist between it and the regions of the sun."

In later years the commercial development of Constantinople has been enormous. England, France, Austria, and Russia are, in the order named, the principal customers for commodities brought from many parts, and of which the following are amongst the most important:—

Wool and hair (sheep and goats').
Cotton wool.
Skins (goat, hare, lamb).
Silk and cocoons.
Hides and leather.
Bones and horns.
Leeches.
Chromate of iron.
Seeds (aniseed, canary, linseed, rape.
Meerschaum.
Rags
Tobacco.
Gums and resins.
Fruits (raisins and nuts).
Drugs, galls, and dyes.
Opium.
Olive-oil.
Attar of roses.
Boxwood.

The import trade is much more extensive. In addition to the dealings with the countries just mentioned, Constantinople imports, for transmission inland, commodities of the most varied character from Trieste, Genoa, Holland, Belgium, the United States, Brazil, Havannah, the ports on the Sea of Azof, Odessa, and Persia.

Adrianople is the grain depot of the Turkish empire. The chief outlet for its commerce is the port of Enos, at the mouth of the river Maritza, on which the city itself is situated. It has also a valuable trade in attar of roses, which finds eager purchasers in foreign markets, not only in the east, but westward, as far as New York.

Salonica is the emporium for the provinces of Macedonia and Thessaly. Cotton and grain are given in return for the manufactured products of western civilisation, but these provinces are in too backward a state to offer any other commodity of importance.

The only important port in Asiatic Turkey is Smyrna. Beyrout and Alexandretta (or Scanderoon) are outlets for the manufactures of Damascus, Aleppo, and Diarbekir, the trade in which Great Britain almost monopolizes, but they cannot compare with Smyrna. British cargoes imported by Smyrna in 1866 were of the value of £1,165,500 sterling, and those exported amounted to £1,520,040. The former comprised timber, coals, earthenware and glass, dyes, drugs, watches, furniture, hardware, and fire-arms; the latter consisted of madder, grain, boxwood, cotton, wax, gums, galls, wool, hair, silk, sponges, valonia, carpets, spirits and wines.

Ottoman Asia is admirably adapted, from its position, to be a great theatre of trade between the Eastern and Western nations. From remote antiquity, and during the early centuries of the Christian era, it was the highway of an enormous commerce, which, under the depressing sway of Turkish indolence, has nearly disappeared. The ancient names of the provinces included in this territory recall the great deeds of Chaldean, Hebrew, and Arab history, but the very sites of some of their cities are now disputed. Babylon and the river plains, once teeming with life and wealth, and whose works of irrigation were the glory of the Caliphate and of earlier times, now form a sterile marsh. Bagdad, Diarbekir, and Aleppo (Haleb), long remained as seats of industrious weaving and trade, but succumbed at length to the benumbing influence of Moslem fatalism. Referring to this district, Sir H. Rawlinson says, "The resources of Bagdad are unbounded. When the Great King ruled over a hundred and twenty provinces, from India to Ethiopia, the single region of Babylonia furnished one-third of his revenues. At present, there is the same country, teeming soil, tropical climate, and illimitable supply of water. All that is required to restore the ancient prosperity of the province is a just, firm, enlightened, and tolerant Government. Cotton, sugar, silk, indigo, opium, and coffee, would be produced, and the increase in the revenue would be enormous." Bedouin Arabs, Turcomans, and Kurds, roam respectively over the Syrian desert, the central parts of Asia Minor, and Kurdistan, living upon plunder and the produce of their flocks and herds. The husbandry even of more settled parts could scarcely be worse; but still, despite of neglect, the soil produces enough grain even for export. Cattle rearing is the source of wealth amongst the nomades, the riches of a chief being estimated in flocks, herds, and tents, as in patriarchal days. The silkworm is extensively reared, the silk produced being partly used up in home manufactures, and partly exported. The few lingering branches of industry found in the large towns are the weaving of cottons, dyeing, the making of Turkey leather, and the fabrication of fire-arms and swords. Damascus was so famous in the Middle Ages for its sword-blades (the production of which it has now lost), as to give name to the beautiful process of damascening steel. Nature, however, is stronger than Turkish stagnation. Its geographical advantages, lying between the Mediterranean and the Indian Ocean, give rise to an important caravan traffic. Armenian merchants are said to trade from China to Gibraltar, and, with the Jews, to conduct the interior commerce, as the Europeans do that by sea. Bassorah, Bagdad, Damascus, Aleppo, and Erzeroum, are the resting-places of the caravans, as Smyrna, Beyrout, Latakia (Antioch), Tripoli, Acre, Trebizond, and Bassorah, are the ports of maritime commerce. Beyrout, which serves as the port of Damascus, has in an especial degree increased its commercial importance within the last quarter of a century. The exports consist of the products of husbandry, wool, Angora goats' hair, cattle, horses, hides, skins, leather, silk, cotton, grain, tobacco, gums, valonia, honey, wax, saffron, madder, and Arabian, Persian, and Indian goods. Raisins and figs are sent in immense quantities from Smyrna, which also carries on a large trade in fine sponges and coffee from Arabia. The imports comprise British and European fabrics, hardware, earthenware, paper, furs, tropical products, and dye stuffs. Many imported commodities do not stay in Turkey, but proceed by caravan routes to Persia. During Mohammed Ali's sway over Syria, as well as Egypt, a great European import trade was begun, and efforts were made to improve the native industries, but these were frustrated by military oppression, and the insecurity of property under a despotic government.

Arabia.—The Sultan exercises a nominal sovereignty over Arabia, and the Pacha of Egypt claims an authority over the western tribes, but no advantage could accrue from active government. Many of the Bedouins (dwellers in the desert), and also the Wahabees, disclaim any power superior to their own emirs, or sheikhs. Arabia is no longer the scene of the great transit trade between the Red Sea and the Persian Gulf. While intercourse with India is resuming its activity, and promises, through the facilities afforded by the Suez Canal, greater results than ever; it affects only small tracts on the Arabian coasts, the inland deserts not being now traversed. Coffee is indigenous to Arabia and Abyssinia, that of Mocha being the finest produced. Its exportation is, however, much lessened since coffee cultivation has so greatly extended, and even Turkey receives more through the maritime traders than from Arabia. All the commerce deserving the name that now remains to Arabia is connected with the pilgrimage to Mecca, which every Mohammedan is bound by his religion to perform at least once in his life. As many as 60,000 or 70,000 pilgrims yearly join in caravans, and along the route combine some amount of trade with religious duty. To these caravans is due the entire importance of Mecca and Medina, the only Arabian cities of any note.

Persia.—Irrigation has fallen into disuse over the regions extending from Armenia to the eastern verge of Persia, and deserts now cover the plains which once refreshed the eye with their verdure, and gladdened the heart with their fruits. Only by the river margins and in the valleys is any sign of agricultural industry to be seen. The great towns of antiquity have either dwindled to villages, or lie buried in ruins: the population decreases everywhere in Central Asia, while the great empires bordering on the sea in the south and south-east, from Hindostan to China, teem with inhabitants. Some exceptional oases still maintain tribes, which are subject, however, to the plunder of barbarians around, whose predatory attacks keep both cultivation and cattle-rearing at the lowest point.

Goats' hair, silky and of great fineness, is an important article. From the camel's hair beautiful, soft, and costly Cashmere shawls are made. This hair is gathered only from the breast and the back, corresponding to the mane of some other quadrupeds. Silk weaving has been a branch of Persian industry for several centuries; but does not flourish so much as formerly, owing to the frequent ravages of cholera, which has done much to depopulate the districts where the silkworm was reared. Still the exports are estimated as being worth a million sterling, and under a better Government they might be increased. The rearing of silkworms, and silk weaving, are likewise pursued in Bokhara. Persian cotton is poor in quality compared with American, and the demand for it is small, although the climate and soil are adapted for its production. Besides silk, the produce of Persia for export consists of tobacco, asafœtida, rhubarb, and otto or attar of roses.

Persian monarchs have tried hard to restore the native manufactures by setting the example of wearing the fabrics of their country, but have been unable to induce their subjects, from the mere sentiment of a loyal preference for Persian industry, to reject the cheap manufactures of England for the dear textures of home make. The Turkish Sultans have adopted the opposite course of introducing European goods and fashions, in which policy they have been much opposed by the hereditary antipathy of their people to change.

Maritime traffic in Persia has superseded nearly all the ancient routes of land trade, and is almost exclusively possessed by the English. The country cannot be said to possess roads, and has no navigable rivers. Once there was a fair amount of caravan traffic carried on between Meshed, in Khorassan, and India, by way of Herat and Afghanistan. This is now diverted to the Persian Gulf and the River Tigris. Even the caravan line connecting India with the Aralo-Caspian regions, of which Cabul, Balkh, and Bokhara are the emporiums, though so entirely inland, has been deprived of much of its importance by the diversion of trade to maritime routes.

It certainly is a remarkable fact that these Oriental empires should be vitally influenced by what is taking place in a small and distant island, which in the time of their glory was utterly unknown. England is called upon to clothe the numberless tribes from the Bosphorus to the Indus. The cheapness of machine-made fabrics, has caused the native manufactures to cease, and a temporary diminution in the supply of cotton from America quickened into life the whole industry of these vast regions, and multiplied fivefold their produce of this valuable fibre.

The gross amount of the Turkey trade, with all its associated branches, is of great importance to England. The monopoly long enjoyed by this country has excited the emulation of other trading nations. The Germans and the Swiss, and, later, the Belgians and the French, have vied with each other for Oriental custom. Trade has been stimulated by these efforts, and the English have been spurred on to maintain their place in the markets by the good quality and cheapness of their goods. Some diversions of the trade routes, and minor effects upon the towns, have to be traced to this enlargement of traffic. The Black Sea ports have been utilised, and the ancient path of commerce, from Trebizond through Erzeroum, reopened. Many of the goods from the great fair of Leipzig were disposed of along this course, until temporarily obstructed by Russia, when the line of Redout-Kaleh, east of the Black Sea, and Tiflis, in Georgia, was made use of. Russia allowed the free passage of goods again in 1832, and the former route was resumed. Smyrna, once the great entrepot of the Levant, the centre of the whole of its commerce, has suffered in its trade from these circumstances. The trade has been still further diminished by the rising commercial importance of Constantinople, of which it has long been the rival. A tendency has set in amongst the merchants of Smyrna to remove their residence to the capital, where many of them have settled.

Independent Tartary, or *Turkestan*.—Bokhara, the capital of Turkestan, has always been the mart of the caravan trade of Central Asia, to which the merchants of India, China, and Russia have yearly directed their steps. Samarcand, once the residence of the Great Khan, has fallen from its high position. Bokhara is at the head of the towns for industry, although some amount of manufactures, as well as attention to husbandry, distinguish all the towns of this region.

A great caravan, consisting of from 1,000 to 1,500 camels, arrives annually from the southern provinces of Russia, laden mostly with goods, especially metals, from the fairs of Nizhni Novgorod. From India and Cabul arrive indigo, cotton, spices, sugar, and fabrics, three-fourths of which are of British make. From the garrison towns of Cashgar and Yarkand, Chinese tea is obtained, of which the people of Turkestan are as fond as the Chinese are of the Persian opium, which is offered in exchange. Nankeens and bullion are also obtained from China. A small trade is carried on with the Persians, with whom the Turcoman tribes are at constant feud, embittered by minute differences in their religious tenets. Amongst the exports from Independent Tartary, are raw silk, cotton, wool, lamb-skins, and horses. Slavery and the slave trade exist in the country, many of the slaves being Russian serfs, stolen during incursions into that empire. The open country is infested with hordes of daring robbers, who, until the recent Russian advances into Central Asia, were accustomed to levy black mail, even upon the caravans of that nation. The Russians are gradually getting a hold upon the country, and in 1865 established the new province of Turkestan.

Afghanistan possesses commercial importance, mainly as the only highway between India and Turkestan to the north, and between India and Persia to the west. Cabul is the depot for the first line of traffic, Candahar for the second. The Afghans are nomadic, living upon the produce of their flocks, and upon plunder. Indian commodities are brought by caravan to Cabul, and, since the British ascendancy, the manufactured goods of our own country have been added. These are exchanged for horses, asafœtida, and dried fruits, the produce of the country, and for the wares brought from Russia and Turkestan. Persian and Indian caravans make their respective exchanges at Candahar and Herat.

Although the British, in 1842, subgugated Afghanistan, the fierce character of the Afghans and the profitless nature of the country, rendered it undesirable to annex the territory to India. It was therefore evacuated; but it still forms an invaluable outwork to our Indian possessions. *Peshawur*, now within British territory, is a town of 105,000 inhabitants, situated west of the Indus, and standing in the midst of a plain watered by the river Cabul, and covered by a forest of fruit trees. The Punjaub, or region of the five rivers, is the continuation of the plain on the other side of the Indus. No part of India surpasses these districts in fertility. Grain and fruit, sugar, indigo, and cotton, are produced in abundance. That it is a land of plenty may be inferred from the current cost of food in 1839:—65 lbs. of wheat, 1 rupee (2*s.*); 95 lbs. of barley, 1 rupee (2*s.*); 1 sheep, 2 rupees (4*s.*); 1 ox, 12 rupees (24*s.*)

Nature has endowed these fine regions with rich mineral resources. Excellent iron abounds, and saltpetre, sulphur, and table salt have, since the annexation of the Punjaub, been prepared. The native Sikhs are a fine and brave race of much intelligence. Their manufactures of cotton fabrics, coarser than those of India, were so well suited to the wear of the mountain tribes, that British cottons stood for a long while no chance against them. With respect to the working of iron, the Sikhs confine themselves to the manufacture of fire-arms and swords, in which they exhibit great skill. The city of Lahore is the most noted place for the fabrication of weapons. The steel used in the workmanship is of the same quality as that formerly employed in the manufacture of the celebrated Damascus swords. An impetus has been given to the trade of the Punjaub and Peshawur by removing the obstacles to the navigation of the Indus and the five affluent rivers, and thus opening them up to steamboat traffic.

Cashmere, with which country we associate the silky, soft, and warm shawls, which all the manufacturing and scientific skill of England and France can barely equal, is an independent kingdom under a Sikh ruler. It was subjugated half a century since by Runjeet Singh, whose oppressions drove many of the natives to settle in distant parts of India, much to the detriment of Cashmere. On the conquest of the Punjaub, in 1846, it was separated from the British portion of that territory and recognised as a sovereign state. In Bokhara the commercial dues are kept low, in order to bring trade to the country. Without mines or metals to replenish the supplies of money, which leave the country in payment of British manufactures and Indian produce, bullion and coin are often very scarce, an inconvenience which is rectified by receipts, in due course, from Russia and China.

Asia Minor presents us with commercial phenomena of a different kind. Silver and other metals are found in considerable quantities, but iron is absent. Yet hardware and steel goods are made, and unmanufactured iron is imported from Russia, Sweden, England, and Austria. Earthenware and glass are furnished by Austria and England. France supplies household furniture; but the balance of trade is in favour of Turkey. Customs and duties at one time interfered with this trade, though they were not extravagantly high. Now, however, they are reduced to the lowest rate. Similar remarks apply to Persia, where the commercial dues are of a moderate character, and where in the early years of intercourse, both Russia and England were exempt from every inland toll. The ignorance and indolence of the Persian rulers do more harm by farming out the tolls—a vexatious system of collection—than the taxes themselves produce by their incidence or amount. No Oriental state with any pretension to a settled government, is more behindhand than Persia, in all that appertains to national well-being.

The whole revenue of the kingdom is only £1,500,000; yet under these unfavourable circumstances the chief item of export—that of silk—to England alone has reached the annual value of £1,100,000. This extension has been achieved by the introduction of Japanese grain or eggs, and of a new variety of silkworm, not affected by the epidemic that had seized the native worm, and partly also by the irrepressible enterprise of the English; but more than all perhaps by the plain and simple fiscal policy adopted by the Persians of letting trade alone.

CHAPTER XXIII.

CHINA.

THE Chinese trace their origin from mythic ages, yet have ever been, according to western ideas, without the pale of authentic history. The historical records of the Celestial Empire are of high antiquity, a period of from three to four thousand years, at least, being assigned to them, and an unprejudiced account has yet to be written from data furnished by native historians. The Chinese are a literary people, and their books, which they readily sell to strangers, give minute details on every subject relating to their country, but the language is so difficult that their volumes have been hitherto little better than useless on our shelves. Yet the recent evidence which has been brought to light in reference to præhistoric man and the antiquity of the ancient civilisations of Egypt and India, render the claims of the Chinese to a remote origin deserving of attention. The authentic history of China commences with the epoch of Confucius, who died 480 B.C.

Many of the great discoveries of European civilisation were anticipated by the Chinese, but still remain in the unimproved form of their primitive development.

The almost universal occupation of the people is that of husbandry, favoured both by the extreme fertility of the soil, and by prescriptive customs. Nearly the whole of the country is laboriously cultivated with the spade or the plough. There are no pastures or meadows, and many wide regions are treeless. Grazing and pastoral farms do not exist. Few domestic animals are used as beasts of burden, human labour is employed instead, being both cheap and abundant. The hills are generally cultivated to their summits, the sides laid out in terraces, often laboriously formed of soil brought from the plains, and fertilised with water lifted from the valleys by means of the chain pump. The copious water-system and the general level character of the country have facilitated the construction of canals of grander dimensions than any elsewhere, which serve for irrigation as well as for inland transit. Water is a vital necessity to the myriad inhabitants, for their great object is culture, and their chief food is rice, which requires in its early stages an excess of moisture. Everywhere the soil is employed in the production of food, the demand for which, from a dense population, is so extensive that the question of utility overrides every consideration of taste or beauty. Pleasure grounds and flower gardens are, therefore, rare. An untiring industry applied to small allotments is rewarded with enormous crops of the staple food, and of the less valued grains—millet, barley, and wheat. The sweet potato (*Batatas edulis*) and *potsai*, a kind of white cabbage, as well as most of the European culinary vegetables, are extensively raised. A water lily called the lotus is grown for its root and seeds, especially near Shangtung.

The agricultural produce is necessarily varied over so many degrees of latitude. In the extreme southern provinces the tropical products of commerce are obtained. These provinces are believed to be the centre whence the sugar-cane first spread. The cocoa-nut and other palms, and the camphor laurel (*Laurus camphora*) here come to perfection. Tobacco, indigo, olives, cotton, and the bamboo extend through the warm provinces adjoining. The bamboo-grass is invaluable to the Chinese. It grows fifty feet high and twelve inches in girth; it is utilised in endless forms; it is the chief material in building and in furniture, and supplies fuel, clothing, and food; it grows on every farm, and supplies the place of trees; its tender shoots are boiled as a vegetable or candied as a sweetmeat; its fibrous bark is the chief source of paper, and a siliceous concretion in the stem is used as a drug under the name of *tabasheer*; implements of every kind, baskets and fishing-rods, rods for flagellation, umbrellas, soles of shoes, hats, shields, cloaks of the leaves; sails, boat covers, pillows of the shavings; miles of water pipes are made of it; in the houses and fields, on land and water, in peace and war, it is in demand; in company with the cypress, juniper, and pine, it waves over and marks the tombs. It is to these regions also that we owe silk and the mulberry-tree, upon which the silkworm feeds.

Tea, the great staple export, is produced in the temperate hilly districts, from Canton, 23° N. lat., to Hang-choo-foo, 31° N. lat.

One cause of the repugnance of the people to animal food arises from their doctrine of the transmigration of souls, which is sedulously inculcated by the priests of Fo or Buddha, and inspires the eater of beef or mutton with a fear of possible cannibalism. Nevertheless the lower order of Chinese risk the consequences, and readily devour vermin and carrion. The dog is the sole quadruped eaten by all classes. Milk is little used; butter and cheese are unknown. One source of food in universal favour, and unfailing in supply, is that of fish, with which all the rivers abound, and which are caught in various modes, the most curious being the employment of trained cormorants to dive for them. Artificial hatching of spawn, in egg-shells, for the continued replenishment of the rivers, has been practised for many generations. The sea fisheries are quite neglected.

The mineral kingdom supplies the raw materials for various industries. Coal is abundant; there are too springs of petroleum, and in other parts brine springs, from which salt is prepared. Lenses have long been made, both concave and convex, from the rock crystal of Fokien. The ancient art of porcelain-making, which defied the science and skill of Europe for many years, owes its excellence to the prevalence of the kaolin clay. The precious metals are obtained in the south-west provinces adjoining Burmah. Copper, zinc, and iron are found in various parts. Quicksilver mines exist in the province of Quei-chow. Yunnan is most prolific in metallic ores and other useful minerals, but everywhere the mining industry is unskilfully pursued.

These resources of China are the principal bases of the national wealth, several constituents of which possess an economic history of great interest, and have exercised a wide influence upon the well-being of mankind beyond the confines of China. In the empire itself various manufactures of ancient origin have been developed from native raw materials; such for example is the manufacture of porcelain, or "China-ware," as services of this beautiful substance were called when brought to England. Its fine hard texture and power of withstanding heat for centuries excited the emulation of European potters in vain. Its manufacture in China is supposed to date back to the seventh century, if not earlier. The best porcelain is made in the Kiang-se province, at the celebrated furnaces, more than five hundred in number, of Kin-he-chin, east of the Payang Lake. The produce is transported to Nang-chang-foo for sale by canal. Commoner porcelain for foreign trade is made at Chaon-king-foo, west of Canton. The kaolin clay employed consists of silica with alumina, together with a trace of iron and a little potash or soda. It is derived from the oxidized felspar of granite. The glaze is formed of white quartz finely pounded, and rendered fusible by admixture with an alkali contained in the ashes of ferns. The products of the furnaces of Worcestershire, Dresden, Berlin, and Sèvres now surpass the porcelain of China, and particularly in respect of painting, gilding, and taste in design. Nevertheless the old blue "willow-pattern" plate, so indifferent to the laws of perspective, still reminds us everywhere of the extent of our obligation to the Chinese for our progress in this division of manufacturing industry.

Porcelain was first introduced into Europe by the Portuguese, in whose language the term *porcella* means a cup. By others the name is derived from that given to the substance of univalve shells, which, in turn, were said to be porcellanous, from the resemblance of their curved surface to the raised back of a *porcella*, or little hog.

Silk.—The manufacture of silk amongst the Chinese claims a higher antiquity than that of porcelain, native authorities tracing it as a national industry for a period of five thousand years. From China the looms of Persia and of Tyre were supplied with raw silk, and through these states the Greeks and the Romans obtained the envied luxury of silk tissues. The introduction of silkworm eggs into Europe was due to two missionaries, who brought them concealed in a bamboo to Byzantium. The food also of the silkworm, the white mulberry (*Morus alba*), is of Chinese origin.

In some parts of China the silkworm lives upon trees in the open air, requiring little care or attention until the cocoons are gathered. The finest silk is produced in the parts adjacent to the thirtieth degree of north latitude, where the mulberry plantations are carefully tended, shelter is provided for the worms, and assiduous care taken to preserve quiet and the requisite temperature. While the Chinese have produced, age after age, their silk crapes, damasks, and figured satins, of undeviating quality, the Western nations have made advances in silk weaving which have left Chinese skill far in the background. These remarkable people fail in inventive power, but possess imitative ingenuity almost beyond belief. As they will faithfully reproduce, to order, the highest trophies of the British ceramic art, even to the exact copying of a flaw or crack, so will they imitate in their simple looms the most beautiful fabrics of Lyons and Spitalfields, without being thereby inspired to improve their own products. China crape shawls are of an excellence such as the best imitations in France and England have not yet surpassed.

Cotton.—The Chinese obtained celebrity for the fineness and delicacy of their cotton manufactures long before America had produced a pound of the staple, or Manchester had woven a yard of the fabric. Nankin cotton, naturally of a light buff colour, was early in favour amongst us, the cloths being called *nankeens*. This, as well as white cotton, is the produce of the herbaceous variety of cotton plant, although tree-cotton is also grown. Every process of working the fibre is primitive in its simplicity. A rude hand-mill, or roller-gin, consisting of two horizontal fluted wooden rollers, which revolve nearly in contact, at a little height above the ground, is employed to clean the cotton from the seeds. By these means about sixty pounds of cotton can be cleaned by one man in a day. The looms are equally rude in construction. Our first notice of the cotton manufactures of China is gathered from the travels of Marco Polo towards the close of the thirteenth century. It is probable that the use of the fibre for clothing was introduced at the period of the Tartar conquest, and struggled into favour, as the best form of clothing for the tropics, against the opposition of prejudice, especially that of the silk producers. At the present time its use is universal, and the country does not yield enough for the wants of its vast population.

Minor Manufactures.—*Paper-making*, from the inner bark of the mulberry, the bamboo, rice straw, and other materials, has been carried on for nearly two thousand years. The India-paper of commerce is of Chinese manufacture, coming from Canton as wrappers for silk goods. Despite the antiquity of the art, the paper is of the flimsiest texture, much discoloured, and so thin that the printing can only be applied to one side of the sheet. Printing itself is an ancient Chinese art, its origin being traced to the tenth century, but with the usual stationary character of Chinese skill, it has not gone beyond the method of "block printing," similar, but not equal in merit, to the craft of our paperstainers. The beautiful rice-paper of the Chinese, used by the native artists, and taking the most brilliant colours upon its surface, is not a true paper, but the pith of an herbaceous plant (*Aralia papyrifera*), which is cut spirally, with great skill after the fashion of the cork-cutter, and unwound like a sheet of paper, rolled round a ruler, and then flattened by pressure.

Indian-ink is a Chinese manufacture, the preparation of which was for a long while not understood in Europe. It is employed in China for every purpose for which we use a variety of inks. It was once imagined to be the product of the ink-bag of the cuttle-fish, and analogous to sepia, but is really a compound of gluten and lamp-black, with a little musk, bound together by animal size.

Gunpowder was made in China before it was known in Europe, but its properties have been turned to account in the pyrotechnic art rather than in war. Chinese fireworks are remarkably ingenious, but the army is supplied with matchlocks of a fashion long since discarded in Europe.

The amount of thought displayed by the Chinese in their industrial inventions must have involved a long and progressive history. While with the Western races a steady if not rapid advancement has marked modern times, the strange phenomenon of Chinese history is that of progress abruptly ended, and an unimprovable fixity of life and manners stamped upon a third of the human family. Thus printing and paper, while they have made literature the sole avenue to the highest rank, have undergone little, if any improvement; the possession of gunpowder has led to no martial development, and acquaintance with the mariner's compass has never stimulated maritime enterprise. Again, the ingenuity of the Chinese is minute and unwearied, displaying wonderful powers of endurance, but possible to a low order of intellect. These characteristics are shown in their embroidery, dyeing, varnishing, filigree work, and ivory carving; examples of the last being seen in the nests of elaboratelycarved balls, one within another, cut out of the solid, without a join, sometimes to the number of ten or a dozen. Their fans and artificial flowers are nowhere excelled, and the slavish fidelity with which they copy European models renders it occasionally cheaper to reproduce them in China than at home. Division of labour is resorted to, to a large extent. It is exemplified in the porcelain works, many of the products of which are said to pass through forty hands. The monotonous reserve of the Chinese has doubtless tended to the conservation of the empire, but it has also cut them off from the civilising benefits which foreign intercourse confers.

Commerce.—There are indications of the commerce of China having extended in ancient times considerably to the westward. The Arabs probably gained from Chinese mariners their knowledge of the polarity of the magnet. It is a fact, however, that with resources unapproached by the great mercantile nations of ancient or modern times the Chinese for centuries have not merely been passive, but have systematically discouraged intercourse with foreign nations. Traders belong to the lowest social grade, and those who hold intercourse with foreigners are regarded as the lowest of this grade. Manufacturers rank above merchants, and husbandmen are only second to the learned class. Wealth, however, as in European societies, makes many social distinctions void.

Of commerce confined to the Chinese, the internal, amongst each other, is far more important than the external or foreign trade. The numerous canals and highways create and facilitate an enormous domestic interchange. The Imperial Canal, the medium of communication between Pekin and Canton, a distance of twelve hundred miles, is of grander dimensions than any other canal in the world. Such is the extent of the water-ways that a floating population of many millions subsists on board the river craft, having little connection with the people on shore except in the way of traffic. The country is so extensive, and its resources are so various, that an almost incalculably valuable trade exists in the natural and artificial productions of the different provinces.

Foreign trade is both overland and maritime, and in each direction has existed from time immemorial. Native merchants in ancient days visited the Red Sea, and in modern times a few even have been allured by hopes of profit to distant foreign ports. All the commercial nations of antiquity held an intercourse, direct or indirect, with China. During the Middle Ages the Arabs, and afterwards the Italian merchants, conducted a very lucrative trade. Silks, bullion, tea, china-ware, musk, and other commodities have ever been objects of exchange of the caravan trade of Central Asia, of which Cashgar and Yarkhand are the frontier cities, and Bokhara the great emporium. Commercial intercourse is now being established between Yarkhand and our possessions in India. An important trade is carried on through Siberia with the Russians, particularly in the finest-flavoured teas, which thus reach Europe without injury, but are not able to retain their delicate aroma through the sea passage. Overland intercourse is still further pursued with the dependent territories of Mongolia, Manchooria, and Thibet, and with those parts of Burmah and Anam abutting on the Chinese empire.

Maritime traffic is carried on in the clumsy junks or native vessels with Japan, India, Java, Manilla, and other East India islands. One strange object of barter with the Javanese is that of the edible bird's-nest, used by the Chinese in their soup as we use vermicelli. The demand for this commodity is so great that an annual importation takes place of the value of several hundred thousand pounds.

The maritime traffic may nevertheless be described as wholly in the hands of foreigners. It is this fact which gives interest and significance to its modern and recent history. The first Europeans visiting China of whom any record remains were the three Polos, in the thirteenth century. The narrative of Marco Polo, the most eminent of the family, is a mine of information not yet superseded. In 1586 the seaport of Macao, at the mouth of the Canton River, was ceded to the Portuguese in recognition of services rendered.

This privilege was fettered by many irksome restrictions. Canton was the only port open to foreign commerce, until the year 1842. Merchants with their families were not allowed to reside in the port, and official interferences impeded every stage of dealing. Trade was strictly confined to a specified number of native "Hongs," or merchants, who had to be answerable for the conduct of the "barbarians," or "foreign devils," with whom they traded. The customs were capricious, and the government officers were extortionate and corrupt. For two centuries innumerable indignities were submitted to by the commercial states of Europe. The British trade with China was comprehended in the monopoly granted to the East India Company, by whom the price of the staple article of tea was regulated, there being no other sellers allowed. Various abortive embassies from England attempted to establish freer and more equitable relations. The first embassy was sent in 1793.

The present century has been eventful in the history of Chinese commerce. The United states, soon after the revolutionary war, commenced an intercourse, which rapidly increased, and though British trade with China continued to overshadow all other, yet America soon stood in advance of every state except England.

The privileges of the East India Company lapsed in 1834, when, by Act of Parliament, the trade was thrown open to every British subject, and a vast impetus was communicated to it, the effects of which were quickly seen.

The year 1838 opened a new chapter in Chinese policy. An illegal traffic in opium had long been connived at by the mandarins, who were themselves opium-smokers, till the menaces of the Government, repeatedly issued, came to be regarded as empty protests. The habit of consuming this drug had become ineradicable with the Chinese. It was produced in India, and its sale was so profitable that the duty upon it was the mainstay of the British Indian revenue. A chest of opium fetching in the market at Bombay from £40 to £50, paid a duty to the Government of £12 10*s*., and was sold at Canton for £150. Profits of such a nature on the one side, and the eager desire for the drug by the Chinese, broke through every restriction upon the traffic. Upon the appointment of Commissioner Lin to office, in 1839, the law was suddenly enforced, and a seizure and destruction of British opium, to the computed value of £3,000,000 sterling, brought the unprecedented spectacle of a fleet of British men-of-war to seek retribution, or to make reprisals. The war which ensued could have but one termination. It lingered from 1838 to 1842, but the tea trade, pursued under other flags, suffered during the time no material diminution. Nankin was threatened by our soldiery, and the Emperor yielded. An indemnity for the opium destroyed, as well as for the costs of the war, was enforced. The vexatious obstructions to commerce were swept away. The Hongs were superseded, and trade was made free. The contemptuous style of address hitherto used towards the British was discontinued, and an equality of dignity was established between the two governments. The five ports of Canton, Amoy, Fou-chow-foo, Ning-po, and Shanghai, were opened to the vessels of all nations, and Hong-Kong ceded to us. Since the opium war, the trade in the drug has not diminished, but has been carried on irregularly.

The Chinese plead that morality requires the suppression of the opium trade. "If there exists a drug destructive of life, incessant efforts should be made to keep it at a distance. The men accustomed to it can by no means relinquish it. Their faces become as sharp as sparrows, and their heads sink between their shoulders in the form of a dove. The poison flows into their inmost vitals. Physic cannot cure their disease. Repentance comes too late for reform." The imperial state paper, from which this is quoted, proceeds to denounce the trade as causing "an oozing out of silver, whereby the fathomless gulf of the outer sea will soon be the receptacle of the easily exhaustible wealth of the central spring." The fear expressed of the "oozing out of silver" betrays an economic as well as a moral motive for putting an end to the opium trade. Before opium took such an important place in the trade of China, the exports of the country exceeded the imports, and the difference was balanced by specie. Now there is a yearly drain of silver amounting on an average to £3,000,000, and this, in the estimation of a half-civilised people, who think the precious metals to possess value above every other form of wealth, is an injury to their country.

By a stipulation, known as the "favoured nation clause," the English commissioner secured in perpetuity the equal enjoyment of all privileges granted by future treaty, with any commercial state whatever. Advantage was taken of this clause when, subsequently, the Americans negotiated a treaty with the Chinese. To enforce the observance of treaty obligations, a resort to war has been again necessary, and, in alliance with the French, our military forces advanced to Pekin. Upon the conclusion of the contest new ports were opened, making in all twelve, besides the ports of the island of Formosa.

By the terms of peace between Great Britain and China, signed at Tien-tsin, on the 26th of June, 1858, it was agreed that there shall be a British minister at the Court of Pekin and a Chinese minister at St. James's, and that official business shall be transacted by each minister on a footing of equality; that Christianity shall be tolerated throughout the Chinese Empire, and its ministers protected; that British subjects shall be allowed, with a consul's passport, to visit any part of the Chinese Empire; that British ships of war may visit any of the Chinese ports, and that measures shall be concerted for the suppression of piracy. This treaty was again enforced at the cannon's mouth by the combined armies of France and England. After sacking the summer palace of the Emperor outside the walls of Pekin, preparations were next made for attacking the imperial city itself. Submission was obtained only a few hours before the time fixed for the attack.

On the 24th October, 1860, the English and French ambassadors entered Pekin, with a force of eight thousand men, when the Tien-tsin treaty was ratified, and two additional articles were inserted, one to legalise Coolie emigration. On the 26th of March, 1861, the English and French embassies were installed in Pekin. Since then there has been no further trouble with the Chinese. The full benefit of these extra facilities for trade remains to be gathered, having been checked for some years by intestine strife in China, and by commercial depression in Europe and America.

Of the newly-opened ports Shanghai has exhibited by far the largest commercial development, and greatly surpasses any other in the amount of its foreign trade.

The most notable commodity amongst the exports from China is tea, the trade in which possesses a history hardly less remarkable than that of cotton. An entry in Mr. Pepys's Diary, dated 25th September, 1661, states that he sent for a cup of tea, a Chinese drink, of which he had never tasted before. Three years after, the East India Company's agent was commissioned to buy a small quantity, as a present to the king, from which time tea became an article of regular trade. A duty of a hundred per cent. was levied upon tea previous to the lapse of the Company's charter, and was a fruitful source of revenue. This system was altered for a series of discriminating duties, which failed from the circumstance that the merchants knew better than the Custom-house officers the various qualities of the teas imported, and did not scruple to pass the best as inferior, at the lowest rates of duty. In 1836 a uniform rate of *2s. 1d.* per pound was imposed on every kind of tea, an amount since reduced by degrees to *6d.* The tea imported in 1834, the last year of the Company's monopoly, amounted to 33,000,000 lbs., which was increased by one-third in the course of the following year. The average import is now about 126,000,000 lbs. Next to the English the Americans take the most tea from China. This for a long time they obtained in exchange for furs; but the Russians, who have of late extended their relations with China, have obtained large tracts of land on the Amoor, and have displaced the Americans as purveyors of furs. The rapid growth of the trade is shown by the following facts.

The quantities of tea shipped from the five ports in 1851 were:—

United Kingdom	65,100,000 lbs.
United States	34,327,000 ,,
Australia	8,829,000 ,,
Holland	3,000,000 ,,
Other parts	2,700,000 ,,
Overland to Russia, about	15,000,000 ,,
Total	128,956,000 ,,

The statistics for the year ending June, 1871, show:—

Exports of tea to United Kingdom, about	132,000,000 lbs.
,, ,, United States, ,,	49,000,000 ,,
,, ,, Australia ,,	12,000,000 ,,
,, ,, Holland, European Continent, and other parts, about	2,500,000 ,,

A considerable quantity sent overland to Russia, must be included, the statistics of which are not obtainable with certainty.

The gross commerce of China now exceeds £100,000,000 sterling, of which nearly a third is with the British empire; considerably more than half is coasting trade; while that with America, which exceeds the aggregate of all other countries, omitting Japan, barely goes beyond a fiftieth. Thus we still retain a practical monopoly of the trade.

Shanghai is the principal trading port in China; its exports in 1860 were valued at £10,779,319, its imports at £18,326,430, including bullion and opium; in 1867, exclusive of treasure, they were to the value of £25,000,000 sterling.

Large as these figures are, they are insignificant compared with the commercial capabilities of the empire; as is evidenced by the crowded cities and the magnitude of the internal traffic, still conducted on a rude system of barter. An unbounded market for British manufactures must eventually open, which the keen trading propensities of the people would promote, were it not for the jealousy of the government, a jealousy not lessened by the knowledge of British supremacy in India. Signs are not wanting of the cordon of ages of prejudice and pride being broken through, and of a desire for a more unrestricted share in the affairs of the world. Apart from the pressure put upon the government by the events of war, many thousands of the Chinese have been allured abroad by the attractions of the gold fields of California and Australia, embassies have visited the United States and the courts of Europe, and native merchants have not only begun to take an active part in the coasting trade of their country, but are beginning to dispense with intermediaries in their foreign trade, chartering their own vessels for direct service, and establishing their own representative houses in the great commercial cities both of the Old and the New World. Fears have even been expressed that this activity heralds a policy of ousting foreign merchants from Chinese commerce; but it is more reasonable to believe that the desire for European wares will grow with the knowledge spread by enterprising natives of their superiority, and commerce, employing all agencies, will rapidly increase.

The French have established several Roman Catholic missions. The English have introduced horse-racing at Pekin, which is now very popular with the Chinese. The Russians have constructed a telegraph to Kiachta, on the Siberian border; and a survey has been made by an English engineer for a railway from Canton to Shanghai, and also another line from Shanghai to Pekin. Tien-tsin has greatly improved since it became a trading port, and has been transformed from one of the dirtiest to one of the handsomest of towns. In the foreigners' quarters, so called, the land has been well raised, so as to ensure drainage and dryness, and a spacious quay and promenade, faced with solid masonry, formed along the river; wide streets have been laid out and many handsome European houses built.

It would not be easy to estimate the number of emigrants from the Celestial Empire to the gold diggings. There were more than fifteen thousand at the Victoria gold fields in 1870, and Dutch merchantmen alone carried to California over thirty thousand within a few years. If the ultimate benefit to China from this outflow could be ascertained, it would probably be found greater than the influence of all the gold which the diggings have yielded. There has since been a continued exodus of Chinese, who have swarmed over Australia and our Eastern settlements, and who are perhaps destined eventually to compete with the free negroes in the Mississippi Valley. The Chinese are not properly colonists, they are temporary settlers, who when they have made for themselves a frugal provision by their industry, return to the Flowery Land.

CHAPTER XXIV.

JAPAN.

OUR earliest knowledge of this empire was derived from the descriptions of Marco Polo, the Venetian traveller, of the thirteenth century. Mendez-Pinto visited Japan in 1535 or 1542, and soon after the Portuguese effected a settlement. At this time Portugal was in the meridian of her power, and commercial intercourse, begun under favourable auspices, soon became extensive. Interfused with the desire for trade was that of converting the Japanese to Christianity; a mission upon which a number of Jesuit priests were sent, and in which they met with unexpected success. The Portuguese, however, fell into the error of disdaining the Japanese. Rancorous disputes arose with the priests, and a reaction set in against the Christians. Presuming upon their influence with the Japanese Government, the Portuguese conducted themselves as masters of the country, and made their ambitious designs apparent. The effects of this folly fell first upon their converts, thousands of whom were massacred to prevent their siding with the Portuguese, as well as to afford an outlet for religious animosity. Another source of peril to the Portuguese was the presence of British and Dutch traders. Philip II. being at war with Holland, the Portuguese were exposed to the reprisals of the Dutch. One of their vessels was captured, on board of which papers were found disclosing a conspiracy to subvert the Government, and the Dutch communicated the fact to the authorities in Japan. The jealous disposition of the Japanese put an end to such machinations by driving the Portuguese out of the country, and sealing their coasts against foreigners. Even the friendly Dutch, who alone were admitted to trade, were not allowed to reside in Japan proper, but had the small island of Jesima or Djecima, connected with Nagasaki by a bridge, allotted to them for a factory; where, restricted to eleven vessels annually, they were under strict surveillance, and had to endure humiliations which the profit they obtained alone enabled them to bear. The nature of the imports and exports, at first left to the traders, soon began to be precisely defined; the Dutch East India Company were still more narrowly limited to two vessels, the crews of which were to be secluded from the natives during their stay. Beside these severities the trade was often suspended altogether upon offence either given or fancied.

Thus the short-sighted arrogance and cupidity of the Portuguese, acting upon the suspicious prejudices of this narrow-minded people, shut Europeans out of the Japanese Empire during two hundred years. With the Chinese, intercourse was freer but not extensive.

Holland continued, as far as possible, its commercial connection with Japan, during all the disastrous period, from the breaking out of the French Revolution in 1789 to the peace of 1815. Her flag waved over the factory even when the Dutch ships were swept from the sea, as in the years from 1810 to 1814. As soon, moreover, as peace was declared the old trade was renewed. The Japanese at the same time became somewhat less exclusive, for they opened their ports to the inhabitants of the Loo Choo islands and of Corea, as well as to the Chinese.

Every European state envied the Dutch their privileges, and the United States made many efforts to obtain a footing in the country. The Japanese began to perceive, when the Chinese could no longer hold out against the pertinacity of European traders, and first with the British, then with the French, the Russians, and lastly with the Americans, were forced into commercial amity, that the like fate was imminent to Japan, and that they could not much longer frustrate the determination of the merchants. The Dutch themselves advised a relaxation of the commercial exclusiveness. A treaty with the United States was therefore concluded in 1854; a similar treaty with Great Britain followed in the same year, and one with Russia in 1855. Nagasaki and Hakodadi were made free to the ships of these countries in 1856 without the humiliating conditions attached to Dutch commerce. In 1858 Lord Elgin proceeded on a mission to Japan, taking with him a steam-vessel as a present to the Emperor. He obtained an enlargement of the commercial treaty, and in the succeeding year Sir Rutherford Alcock was appointed Consul-General in Japan. Between 1860 and 1862 a Japanese embassy visited New York, France, England, Holland, and Prussia. A brother of the Tycoon (as the temporal ruler of Japan is usually styled by Europeans) has since been in England. Our knowledge of the islands has been greatly extended, though it has been acquired in the face of many misunderstandings. Attacks were made upon the British embassy in 1861, and again in 1862, and ill-will towards foreigners has been repeatedly evinced. These acts have been followed by retaliatory measures, in which the Japanese have suffered. On various occasions the Government has broken through the treaties and tried to revoke the privileges previously granted, conduct which has been met by a display of European and American naval power. Yedo or Jeddo, Osaka and Hiogo, have been opened to European commerce. English merchants and bankers are established at Yokohama, the port of Yedo, and there is a prospect of an extremely valuable commerce.

There has been no recent renewal of religious antagonism. The collisions between the Japanese and the foreign traders have had only a commercial origin. By a curious inversion of the sentiment that influences most industrial states, the Japanese are not so anxious to keep foreign merchandise out of their country as to retain their native goods at home.

A belief is prevalent that the country is impoverished by exporting its copper, silk, and other produce, but that it is enriched by importing. Efforts are therefore made to increase the imports and to diminish the exports, with apparent blindness to the fact that interchange must inevitably equalise itself, and that the balance of trade must be rectified with specie. This fact is remarkably illustrated in the British trade, which has capriciously varied in value and amount since 1860.

Date.	Exported from Japan.	Imported into Japan.
1860	£167,511	£2
1861	538,687	43,631
1862	591,885	254
1863	1,283,631	125,628
1866	273,745	1,559,750
1867	317,799	1,694,008
1868	181,222	1,112,804
1869	167,308	1,442,104
1870	96,173	1,609,367

The year 1862 was disturbed by a fanatical attack upon the foreign residents, which made them change their residence from Yedo to Yokohama. In 1865 treaties were ratified with England, France, and other powers. At the same time alarm was evinced at the rapid growth of foreign trade, and obstructions to the treaties were created by the same hand that signed them. The Government has not yet learnt the economic truth that to encourage commerce is to invigorate its own power and resources. In an official report for 1864 upon the trade of Yokohama it is remarked that an abundant crop of silk had been gathered, and that great quantities were intercepted by the Government on the way to the port, to the great indignation of the native merchants who would gladly get the high prices offered for their commodity by the foreign traders.

All the oriental races have a passion for silver bullion, and it by no means tends to remove the dislike of the Japanese towards foreign traders that they are obliged in lieu of silk to part with their cherished silver.

The most elementary truths of political economy, as a science, are unknown to the Japanese. Natural sagacity makes them conform to many correct principles, but others that require to be sought for more than surface deep are intermingled with error, and are violated as flagrantly as in Russia or Spain. Their monetary matters afford an example. Acute Europeans saw a way of taking advantage of the crude measurement of values, and speculated in silver specie in such a way that the ancient fears of foreign trade seemed likely to revive. The last few years have, however, seen considerable change in Japanese sentiments. In England and America there are now a considerable number of Japanese youths, of both sexes, sent by their Government to acquire, and afterwards impart to their countrymen, a knowledge of the arts and sciences of the West. The Mint of Japan, however, has recently been placed under an English superintendent, and there is to be an end of the rude Japanese currency with its rectangular plates of gold and silver.

Japanese exports comprise bar copper, silk, tea, tobacco, camphor, vegetable wax, cotton, galls, and lacquered or japanned ware. The imports are European manufactures and goods similar in kind to those taken by China, India, and other Eastern states.

CHAPTER XXV.

SUMMARY.

FOURTH PERIOD.—EXISTING COMMERCE FROM THE FRENCH REVOLUTION IN 1789 *TO THE PRESENT DAY. —COMMERCE OF THE NINETEENTH CENTURY.*

THE history of recent Commerce is divided into three periods, well defined by alterations of commercial policy.

1. From 1789 to 1815, comprises the epochs of the French Revolution and of the First Empire.

2. From 1815 to 1845, deserves to be designated the Age of Protection, in contradistinction to

3. The period since that date, during which the principles of Free Trade have been acted upon by England and have found partial acceptance abroad.

The salient commercial feature of the First Period, was the Continental System, established by Napoleon's Berlin Decrees, and reduced to a code in the Decrees of Milan. Its object was to ruin England, by cutting her off from her European customers. The effects, however, recoiled upon France, by depriving her citizens of English goods, which had from use become a necessity, while the blockade, far from being successful to the extent intended, urged England to seek a wider range of commerce. Every European state has since been influenced by the wish to resist the preponderance of the United Kingdom, in manufacturing industry and in foreign trade. This desire has been an incentive to excellence in workmanship, and produced such success, that in order to keep British industry abreast of Continental, great efforts have been made to establish technical schools, and provide instruction in science and the arts of design. Attempts to banish British fabrics from use on the Continent have met with but partial success, and that at the cost of the consumer.

The most judiciously framed and lasting combination against British industry was that of the Zollverein or Confederated Customs' Union, initiated by Prussia, in 1818, and generally adopted in Germany in 1834. Great economy was effected by the collection of tolls, once for all, on the common frontiers of Germany, instead of levying dues, as heretofore, in every state through which merchandise had to pass. By lessening thus the cost of production native industry was fostered, while British goods were as far as possible excluded by prohibitive tariffs. The unity of the German Empire, now an accomplished fact, will doubtlessly bring about a still closer identity of interests amongst the confederated states, and promote the growth of German industry and commerce.

The United Kingdom retaliated for many years by excluding from British ports foreign ships and merchandise, particularly grain. Since 1846 this policy has been totally changed, and British trade is now free to all the world. The increase in exports and imports, since this great reversal of principles, has been unprecedented.

From the breaking out of the French Revolution in 1789, to the battle of Waterloo in 1815, there was almost uninterrupted war. Napoleon's continental system affected injuriously the prosperity of every European state; and there was not one, while in arms against the French, but was dependent, more or less, upon England for the means of keeping troops in the field.

Looking back at the system of subsidising foreign states, we see little result from the policy pursued. It was the occasion of wars being prolonged, and of fresh ones being commenced, whose interference with industry and commerce caused much greater loss than was covered by the subsidy. The ties of race are stronger than the bonds of conquest.

Blood and treasure were wasted, and Europe was thrown back for several generations. Had the sentiments and manners of the eighteenth century encouraged industry, intercourse, and education, instead of slaughter, the aspirations of the German people for unity might have been sooner realised.

The foundations of the prosperity of Great Britain were strengthened during the gigantic struggle with France. Great as British commerce had before been, there were presented in Asia further fertile fields of enterprise, from which rich harvests began to be gathered.

2. At the conclusion of peace in 1815, social and political changes had grown too complex for affairs to resume their former state at once. Millions of men had been withdrawn from productive industries, and their energies employed in destruction. They lavishly consumed the stores of previous ages as well as the hard-won products of present labour; in economic language, they lived upon the capital that should have been applied to industry, and produced nothing. Loans had been resorted to, and the labour of future generations mortgaged to repay them. France lost her colonies, her fleet, and for a time her foreign commerce. England became burdened with a debt which the gold of the whole world is perhaps insufficient to redeem, and which at its greatest, amounted to nearly a thousand millions sterling. The interest alone at the end of the war was twice the whole revenue in 1789. In the last year of peace, 1792, the expenditure was under £20,000,000. In 1814 it was nearly £107,000,000, and the expenses of the preceding year were well-nigh as great. To meet these prodigious demands, every commodity, raw and manufactured, was fettered with customs or excise duties. Labour was thus placed at a disadvantage, while food rose to famine prices.

3. Science and inventions have, notwithstanding, done more than war to mould recent history. Steam power ap-

plied to machinery and locomotion, and electricity to telegraphy, have been among the chief agents in bringing about an economy of labour and time, the results of which surpass all former experience. Industry, with a career before it of an altogether higher range, seems to be started anew. Nations once thought to be shut out by nature from any emulative exertions, have been brought by the aid of science into the front rank. Switzerland, the home of the mountaineer, hemmed in by powerful states, without a port, with soil almost too scanty to grow food for the people or herbage for the cattle, without coal or metals, has risen superior to these drawbacks, has become renowned for its manufactures, and, in parts, for its dairy farms and grazing lands.

America assumes a most important place in recent commercial history. The United States won their freedom, and, by repeated accessions, their territories have reached imperial dimensions. The enterprise of the Anglo-Saxon and other European races finds a field of employment in the great republic, whose home industries and foreign trade are second only to those of the mother country. Except in a few colonies, and the British territory in North America, the New World is free from the political control of Europe. The Spanish republics in South America, through intestine jealousies, have made no progress comparable to that of the United States, but the liberties they have achieved have opened their ports, and altered the nature and direction of their trade. Brazil is awakening to the greatness of her splendid resources, and has recently (1871) decreed the liberty of her slaves.

The development of India is another distinctive feature of this century. About two hundred years ago a few humble adventurers sued for permission to trade with the subjects of the ancient princes of India. Now from the Himalayas to the Indian Ocean, from Cabul to Burmah, a vast area of a million square miles, with a population of one hundred and fifty-one millions, owns the rule of the British Crown. India perhaps rivals Europe in variety of race, religion, social systems, climate, and productions, and possesses a more venerable though less advanced civilisation. Since the mutiny of 1857, this magnificient territory has become directly subject to the British Crown. The charter of the British East India Company has been taken away, and trade thrown open to India and China. Indian affairs are managed by a Secretary of State at home, and by a Governor-General and Governors of Presidencies and Provinces, each assisted by a Council, in India. A higher political morality now directs the administration of the Government of India as a trust for the benefit of the inhabitants, and not merely as a means of enriching the rulers.

China gradually divesting herself of her old exclusiveness, both internally and externally, is cultivating the acquaintance of the despised "barbarians." Ships from England and the United States especially, are increasingly numerous on the Chinese seas. Chinese ambassadors have visited Europe and America, and Chinese labour has found its way into California, Australia, and the West Indies.

As many as three hundred Japanese students, of high rank, have been sent by their Government quite recently to acquire a knowledge of European civilisation.

The excitement in both worlds caused by the discovery of gold in California is fresh in the minds of the present generation. Gold worth 140,000,000 dollars is estimated to have been obtained from California between the years 1849 and 1857. The country continues to furnish us with treasure, and adds thereto many valuable raw materials, but its affairs have calmed down almost as quietly as though it had no gold fields.

Australia, not yet completely explored, has risen to a high place in commerce, and by its gold fields and pastoral expanses has attracted colonists from every part of the world. Gold, in quantities profitable for working, has since been obtained in many other places, the presence of the precious metal having been indicated to scientific geologists by the local rock structure. Quite recently also abundant finds of diamonds have drawn, and still continue to attract many adventurers to the South African Colony.

Greater and more hopeful changes have been crowded into this brief commercial epoch than into ancient, mediæval, or modern times. The world at large has learnt that self-dependence is not achieved by disdainful exclusiveness and holding aloof from social intercourse. The mutual dependence of a family is a truer self-dependence on the part of each of its members than it would be if disunion deprived them of power. Commerce in the present day is promoting the freest intercommunication and exchange as it gradually becomes unimpeded by protective duties. Should this freedom from fiscal hindrances ever prevail universally, each branch of industry and production will more and more fall into the hands of those whose skill and intelligence can turn it to the best account. Commerce thus leads to closer fellowships amongst nations, and teaches them that they form but separate provinces of the universal kingdom of mankind.

The British Government has largely legislated of late years for the working classes. In deference to the claims of "the million," taxes on food, on knowledge, on health, on cleanliness, on domestic comfort, have been abolished, and the principle has been laid down that the consumers' claims are paramount; and the liberty of the few—the producers—does not extend, for their supposed individual advantage, to the power of taxing the many—the consumers.

Political disabilities have also been removed, and freedom of speech and discussion, of union for regulating wages and other trade objects have been accorded, not as privileges, but as legal rights. Working men's clubs and news-rooms, co-operative stores, and even trades' unions, now relieved from stringent penal laws, are amongst the most hopeful industrial features of our day. The Government has for several years directed inquiries into the condition of the working classes abroad, with valuable and highly interesting results.

Acknowledging the fact that it is not the aggregate wealth or income of a state, but the amount separately enjoyed by the individuals forming a community, that tests its well-being, efforts have been made, through the British ambassadors and consuls, to learn what are the relative earnings of the operatives in various parts of the world.* By the continuance of these researches, and a comparison of the various wages' funds, a body of trustworthy statistics will at length furnish evidence of the advancement or decadence, relative and actual, of states, and direct attention to conduct and legislation. Indisputable inferences, based upon the evidence afforded by the ignorance, want, misery, vice, and crime, in our midst, establish the fact that the wealthiest country in the world is still comparatively poor, that the necessaries and comforts of life could be indefinitely multiplied without an excess of enjoyment, and that this increase is possible, when the industrial virtues act more effectually, through early education, to mould the character and habits of the producers of wealth.

The enfranchisement of labour and trade has effected a silent industrial revolution. Great undertakings once impossible on account of legal difficulties which beset the practice of co-operation are, upon the principle of limited liability, now successfully carried on. Banks, companies, partnerships have greatly multiplied, and co-operative factories and stores have, in many instances, bridged over the imaginary gulf between the capitalist and the labourer by giving the latter a direct interest in the investment of his savings, and the first profits from trade formerly intercepted by an intermediary master.

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* *Condition of the Industrial Classes in Foreign Countries.* See Appendix.

With the political enfranchisement of the people, a disposition has arisen to regard the action of Government as that of the whole community, and to entrust it with duties formerly jealously withheld. Postal service, telegraphs, savings-banks, insurances, and railways, in some countries wholly, and in others partially, are for the public benefit relegated to state control. Education, sanitary arrangements, the supply of water and of gas, and other objects of national magnitude, also have become, or tend to become, subject to municipal or government administration.

The spirit of political freedom has reached the British colonies. Self-government and freely-elected legislatures prevail in Australia, the Cape Colony, the Canadian Dominion, and every important settlement. In Europe it has issued in a united Germany and Italy and a free Spain, while France has been profoundly stirred with the question of her future form of government. The prominent industrial feature throughout the last portion of the recent period is the conflict between the antagonistic principles of restricted and unrestricted trade.

Perfect civilisation and perfect freedom are convertible terms. Conversely, restrictions upon thought and intercourse are distinctive of times of ignorance, and traceable to isolated barbarism. Nature herself is protectionist in the best sense of the term, imposing climatal conditions upon the products of the soil, and appointing bounds to the manifold forms of animal and plant life. Human agency effectively promotes the operation of natural laws, but is powerless to reverse them and to cause abundance where its conditions are absent. Yet this is the purpose of legislative restrictions, whether avowed or not. The protective principle has been as varied in its manifestations as the ages and countries of its adoption, and has sheltered, both in their simplest developments and in their most complex combinations, every phase of husbandry, handicraft, and interchange. Its enactment may, notwithstanding, be founded upon a few simple facts. Where natural resources abound, that is, where there is enough and to spare of any commodity, as the cotton of America, the tea of China, the wool of Australia, protection is not called for, for it would be "sending coals to Newcastle" to dispatch goods to places where a surplus of home-growth is already looking for buyers.

Where nature furnishes scanty supplies one of two courses may be followed—either a free market will be opened to foreign supplies, and industrial energy will direct itself to produce exchangeable commodities for which the region is favourable, or the scanty native produce will be protected, that is, an embargo or prohibition will be placed upon foreign supplies, in so far as they tend to lessen the profits of home producers. Home growths are thus enhanced in price and consumption is limited, the enjoyments of the community are curtailed, and the many are indirectly made to contribute to the profits of the privileged few.

The administration of a protective system, in all its ramifications, has been exemplified in England. Excise dues have been levied upon home industries until scarce a necessary of life escaped. Trades guilds and trades unions, in the supposed interests of handicrafts, have interfered still more minutely with free production. Customs dues have prohibited altogether, or have much diminished, foreign imports, while by discriminative dues it has been attempted to regulate intercourse with our colonies, and with free as distinguished from slave states. Monopolies or privileges of manufacture and of foreign trade have in innumerable instances been granted to individuals and to companies, and navigation acts for two hundred years confined British commerce almost exclusively to native vessels and seamen.

The British Corn Laws excited and lived through thirty years of class animosity, and fell at length before the logic of famine and sedition. The cotton manufacture in its infancy had to struggle against opposition from fiscal impediments, but at length overcame the rivalry of the woollen and linen trades, and eventually even benefited these older manufactures, to which its introduction was believed to have given the death-blow. Silk-weaving was anomalously protected. Brought to England by the French Protestant refugees, it was welcomed as a national boon, but for many generations, strangely implying that a blessing might be too widespread, the industry was jealously confined to Spitalfields and Coventry, each locality being again restricted to special branches of the art.

Experience of the protective principle, in all its bearings, is now so extensive that we are able to predicate the general results upon existing industry following upon its enforcement. It concentrates profits in the hands of a few, and in so far is successful in its aim. These profits are, at the best, abstracted from other branches of industry, in order to equalise suitable and unsuitable enterprises. Profits, however, are proportionate to the extent of trade, which, diminished by restricted competition, and suffering loss from every obstruction, essays to produce a vain semblance of prosperity by enriching individuals. Wherever protection has been adopted, its consequences have been less trade in its entirety, even if a forced market has been formed for home produce, which otherwise would have found no market at all. Wherever free trade has prevailed it has brought increased commercial intercourse, and has generated the most healthful stimulus to improvement.

The crucial tests of the protective principle as an agent of production are—1. That its enactment should enrich individuals without equivalent cost to other members of the community. 2. That it should create some industries without equivalent disparagement to others. 3. That it should cause production where otherwise there would be none, or equalise the conditions of production, at a less cost than by any other means. Tried by these principles, the British Navigation Laws, as well as the Corn Laws, stand condemned; the first, as limiting competition, and therefore improvement, the second as enriching the few through the suffering of the many; while, on the other hand, the monopoly of the East India Company, the Hudson's Bay Company, and many patent rights, granted for a term, and not in perpetuity, have been justifiable on the ground that the functions undertaken would, without legislative privileges, have been less economically, or not at all, performed.

In the forcible language of Mr. Charles Tennant:—

"The result of all this experience clearly shows that every relaxation of restrictive duties has been immediately followed by an expansion and increase of trade, much more than sufficient to compensate for the loss of the abandoned duties; and that, so sensitive is trade to any restraints upon perfect freedom of action, the removal of any impediments, even in the minutest arrangements of official routine, is attended with immediate and sensible effects to the same end—the extension and enlargement of trade, with all the necessary consequences of increase in the rates of profits and wages, and of employment and comforts, to the working classes.

"With such experience of relaxing only the rigid rules of the present system, what may not be expected from the total abolition of all restrictive duties and other impediments to perfect freedom of trade in this country?

"Even the most sanguine advocate of free-trade could hardly have foreseen such vast results in so short a time from such small beginnings.

"It is, therefore, impossible to calculate beforehand what would be the state of trade in a very few years from the date of its perfect freedom and independence. But this is certain, that, in the absence of any national calamity from other causes, this country would then be in a state of prosperity unexampled in any period of its past history; and that, the example of this nation would be like a beacon of light to guide other nations of the world into the same track, that all may be as one nation, with one and the same interest, mutually interchanging, for their mutual benefit, the varied and peculiar gifts of climate, soil, and produce, bestowed on each by a bounteous Providence, whose gifts are limited by no measure, and who would have all Mankind as one People, looking to one and the same God, the Giver of all, and for the equal good of all.

"This is the first step in the establishment of peace on the firm foundation of one common and equal interest. Nations, like individuals, must learn from experience. They will learn that, in the establishment of peace on earth they are all equally interested. The boundaries of kingdoms will then be of, comparatively, very little consequence, and when the people are duly impressed with all this, as proved to their own conviction, war will be no longer possible. Year by year they will be learning this through consequences which must convince them. They will feel in the freedom of trade their own freedom and worldly welfare, and they will learn to regard the rights and interests of others for the sake of their own, if for no higher and better motives. In this way savage and barbarous people will be first taught to appreciate the comforts of civilisation, and they, in their turn, will become the promoters of civilisation by the same means. Year by year, under this teaching, the shackles of slavery and serfdom must be loosened, and in the end drop off. Slaves and serfs must be set free because it will be seen to be for the interests of all that they should be free. Freedom of trade will then be valued and guarded with no less jealous care in all countries than personal freedom now is in this country. To the freedom of the Press we shall owe freedom of Trade, and we shall know how to value both. We shall claim and exercise the right to buy and sell as freely as we now speak and write. We shall learn to respect the grand simplicity of the Divine Commandments, written on tablets of stone by the first Lawgiver, and to submit ourselves more faithfully than we have ever done before to the Divine Spirit of those ancient and eternal Laws, given for all people, for all times, under all circumstances, and so plain as to require no Commentators. We shall learn through these to see the unwise severity, the feeble folly, and often the wicked injustice of human laws; and, in the enjoyment of our own natural and lawful rights, we shall learn to respect the natural and lawful rights of others. We shall learn that, what is commonly called 'accommodating oneself to the prejudices of individuals, or showing a prudent respect' for strange customs and peculiar habits of thought, or for moral characteristics of nations, is nothing but a just appreciation of the intellectual and moral development of the individuals or nations, and the right employment, in each case, of precisely those agencies of civilisation which are fitted to be most effective. The work of legislation will then be comparatively simple, and the line of duty plain. The necessity of making just laws and enforcing them will then be universally acknowledged and supported, and there will be always a vast majority ready to enforce them. The complicated interests of society will then be no longer the miserable excuse for unjust and oppressive laws. Sovereigns and Governments will then find their own duties much more easy, and their own positions much more secure;—they will find their best security in the well-being and contentment of the People, and the People will find their greatest happiness in the preservation of peace and good order, which left them free to think and to act in all that concerned themselves alone; to manage their own affairs in their own ways, and to enjoy the fruits of their own industry.

"The People will then be encouraged to place confidence in sound principles, and they will regulate their own conduct more in accordance with reason and justice,—more consistently with humanity and prudence. They will learn to respect and apply, in the moral affairs of this world, those truths discovered through reason, which, in the physical world, are revealed to us through the laws of nature, and they will proceed to act with the same confidence in the one as in the other. Thus, they will derive incalculable advantages, far beyond the present reach of human foresight. Irreconcilable difficulties in the present complicated state of human affairs will then be simplified, and by degrees all will become reconciled with reason and truth. Freedom of trade, being seen to work for the equal benefit of all, will be recognised and established all over the world with universal consent, and freedom of thought and action must follow by the same universal assent.

"Thus, a mutually beneficial intercourse would be encouraged with all civilised nations: all would contribute and receive: the bond of union would be always strengthening, and would be held fast by one common interest. Thus it might be—thus it surely will be. It is only a question of time. But the sooner the better, for time must always be a question of life and death. We might then hope to see the world full of free nations, mankind a great family and household constituted of self-governing members, related to each other principally by voluntary ties—of affection and honour and mutual service. We might then hope to see national selfishness perish, and the whole world become a commonwealth of independent nations, with England foremost in the good work of promoting the spirit of human brotherhood."

APPENDIX TO PART II.

VIEWS OF SOME ECONOMISTS ON NATIONAL DEBT.

MALTHUS.

The policy of national debts is discussed by Malthus in his "Principles of Political Economy," c. vii. A national debt is obnoxious to three considerable objections—(1) the interference with production caused by a heavy weight of taxation, (2) the danger to property resulting from the commonly received impression as to the burdensome character of the debt, and (3) the intensification of the evils which would result from any changes in the currency. On these grounds it might be advisable to diminish the debt gradually, and to guard against any future increase of it. But very great evils would arise from any sudden removal of the debt. To cancel it at a stroke would be a gigantic robbery. To pay it off suddenly would throw a great mass of capital into the market; profits would fall; and productive employment of capital be checked, until by its extensive migration or destruction no more remained in existence than the industrial circumstances of the country required. The fundholders, Malthus thinks, form a large body of unproductive consumers, and the stimulus afforded to industry by their presence would be lost when they ceased to be national creditors.

J. S. MILL.

Mr. Mill examines this subject in two parts of his great work on Political Economy, viz., in Book I. c. 5, and Book V. c. 7.

In the former place he discusses the question, whether extraordinary expenditure should be provided for by loans or by additional taxation.

Loans are not more obnoxious than taxation, in so far as they are drawn, not from the productive capital of the country, but from capital attracted from other countries, or which would not have been saved but for the inducement held out by the loan itself. When both loans and taxes would fall upon the productive capital of the country, the latter is the more judicious form of raising the sum required, because the taxes once paid, no further payments are necessary, while in the case of loans there would be the annual payment of the interest. There is a sure index, viz., a rise in the rate of interest, when government loans trench upon productive capital.

The second of the two passages referred to treats of the question in its general aspect. Expenses, in their very nature of a temporary character, should be met from present resources; but when expenditure is incurred with a view to future benefit, there is not in a progressive country any injustice in imposing a share of the cost upon those who are to share in the benefit. The argument brought forward in opposition to the payment of a national debt, viz., that in paying the interest there is no loss but only a transfer, is not decisive of the question. In as far as the national creditors are foreigners there is a loss; and when the national creditors are native citizens, the transfer being compulsory is not advantageous: it disturbs trade, diverts capital from productive employment, and much of the sum taken from the taxpayer being necessary to meet the expenses of collection, is therefore a clear loss.

Mr. Mill examines the two principal modes that have been proposed for paying off a national debt; first, by a general contribution levied upon all members of the society in proportion to their wealth; second, by an increase of taxation and a devotion of the surplus to the payment of the debt. The first scheme is practically inapplicable, and unjust in its operation. The second, subject to certain modifications, is accepted by Mr. Mill. By experimental reductions taxation should be so arranged that the largest net return is obtained at the least cost to the taxpayer. Keeping taxation at the scale thus determined, all the surplus revenue which accrues through the growth of the country in wealth should be appropriated to the reduction of the debt, the first portions paid off being such as were incurred upon the most onerous terms.

Some economists have defended a national debt, on the plea that it afforded a secure investment for the small savings of the less wealthy classes of the community. Mr. Mill thinks that this need is yearly diminishing, and also that the want could be met by the institution of a national bank of deposit and discount, with branches all over the country.

D. RICARDO.

Ricardo treats of the question of National Debts in his "Principles of Political Economy and Taxation," c. xvii.; and in his "Essay on the Funding System" (Collected works, by McCulloch, pp. 515 *et seq.*).

In the first-named part of his writings he shows that the real burden of a debt lies less in the annual payment made for interest than in the original loan. The capital of the debt was so much deducted from the productive funds of the nation. Ricardo brings two principal objections against the loan system generally: first, that it tends to render nations unthrifty; and secondly, that when a nation has to pay a large sum annually as interest of debt, taxation may become so heavy as to induce capitalists to remove their capital from the country. In this way a large increase to the national debt might cause such an exodus of capital, as to bring the nation to the verge of bankruptcy and ruin.

The "Essay on the Funding System" is devoted to the discussion of two questions—that of a sinking-fund, and that of the best means of providing for additional expenditure caused by war. The history of the English sinking-fund is sketched at considerable length. The first was established under the administration of Sir Robert Walpole in 1716, but within twenty years it was broken in upon to meet the current expenses of the Government, and though it continued to exist down to 1786 it produced little or no effect upon the debt. Mr. Pitt's scheme, which replaced Walpole's, provided for the appropriation of one million annually to the formation of a sinking-fund. This million was to accumulate until it amounted to four millions, when it was to be devoted each year to the purchase of public funds, and by this means effect annually the extinction of a considerable amount of debt. In 1792 Mr. Pitt's scheme was subjected to a modification, which provided for the creation of a sinking-fund of 1 per cent. on all loans made; and in this way it was computed that every debt would be extinguished in forty-five years from its creation. In Ricardo's opinion had Mr. Pitt's scheme, with this addition, been fairly carried out, very considerable progress would have been made in the extinction of the National Debt. But it was altered so much by financiers who strove to win public applause by temporary rather than permanent, though more deferred, reduction of the weight of taxation, that it lost its distinctive features and became practically inoperative.

Three capital objections have been brought against sinking-funds, which Ricardo meets and answers. They are—first, that there would be a glut of capital caused by the repayment of large amounts of the national debt in the later years of the existence of a sinking-fund; second, that prices would in some cases fall to a ruinous extent by large remissions of taxation, suddenly made when the sinking-fund had come into full operation; and third, that the capital taken from the community in the form of additional taxation, to provide for the fund, would be more productive in the hands of individuals, than in those of the commissioners of the fund.

Reverting to the second question, that of providing for the additional expenditure rendered necessary by war, Ricardo shows that this may be done in three ways: taxation to the required amount may be levied each year; the amount needed may be borrowed each year and funded, thus creating a perpetual charge on the revenue; or the amount may be borrowed, and at the same time means taken to create a fund, which should extinguish the debt in a limited number of years. The first mode is objectionable, because of the excessive taxation it would render necessary each year; the second is economically bad, because it creates a perpetual burden; and therefore the third is to be preferred; for it would be less burdensome each year than the first, less durable than the second.

J. B. SAY.

This distinguished French economist treats of the question of national debts in a chapter entitled, "De la Dette publique" (Traité d'Economie politique, Livre iii. ch. 10).

Public loans differ from private in this respect: while the latter are generally made with a view to an increase of production, the former are usually employed in unproductive purposes. There is a sophism in the assertion sometimes made, that state debts are owed by the right hand to the left. Before the Government borrowed and destroyed the capital of the individual, there existed two productive capitals and revenues. After the loan, the state has to take from the taxpayers the sum necessary to pay the interest of the borrowed capital. The lender still receives his revenue; but that of others has been diminished to a like amount in order to pay him his. Loans are either payable within a limited time [*remboursables*] or perpetual. As the former have been usually framed, they are virtually lotteries, and are radically vicious, and little resorted to by modern financiers. If government loans consisted for the most part of small capitals, which would not otherwise be productively employed, and if, when borrowed, the Government applied these capitals to production, loans would be defensible. They are also advantageous when they permit a necessary and profitable expenditure, large in amount, to be spread over a term of years. This advantage, however, is very liable to be abused, by casting on posterity burdens which the present generation ought legitimately to bear. Loans divert capital from production to unprofitable consumption. A large national debt is objectionable, on the score of offering an inducement to gambling speculations, and of placing, to some degree, under government control a large body of fundholders.

On the question of the reduction of a national debt, M. Say points out the economical unsoundness of sinking-funds [*des caisses d'amortissement*]. Their effect has not at all been what was anticipated; they have been diverted from their destined purposes, and have fostered the increase rather than the diminution of indebtedness. A state, like an individual, has but one mode of clearing itself from debt—viz., to devote to that object all excesses of income over expenditure. In order to render this effective, every expense should be kept at the lowest point consistent with the proper performance of the duties of a government.

ADAM SMITH.

The question of national debts is examined by Adam Smith in his "Wealth of Nations," Bk. v. c. 3, "Of Public Debts." In feudal times there was no necessity for resorting to this mode of providing for the national expenditure. As feudality disappeared, loans began to come into fashion. Wasteful of their revenues in times of peace, sovereigns were compelled to borrow in time of war. Contemporaneously with the need for loans, arose both the ability and the inclination on the part of capitalists to lend. Governments borrowed upon two kinds of credit; they set apart a particular source of income as a security for the debt, or they mortgaged some one or more sources of income to provide for the repayment. The former mode gave rise to what is known as the unfunded or floating debt; the latter to the funded or consolidated debt. Funded debts differed thus—the fund mortgaged would be sufficient to pay off both the principal and the interest of the debt in a limited number of years, or would be sufficient to provide for the payment of the interest only. The first constitutes what is called terminable annuities; the second, perpetual annuities.

Having thus touched upon the general question, Adam Smith details with great minuteness the growth of the English debt, and the insignificant diminution made in it during periods of peace. Passing to the consideration of modes of paying off or reducing national debts, he reprobates the plan, not uncommon in earlier times, of raising the denomination of the coinage. By this means, while the nominal amount repaid was equal to that borrowed, the real repayment fell below the amount of the loan in proportion to the depreciation of the currency. He then proceeds to propound his own scheme for the extinction of the English national debt. A readjustment of taxation would, perhaps, produce some augmentation of the revenue; but this would have a comparatively trifling effect upon such a debt as that of England. The Colonies have, however, benefited by the expenditure which rendered the creation of a debt necessary, while they remain exempt from all taxation for Imperial purposes. By extending the British system of taxation to the Colonies, there would be a large augmentation of the revenue, and the surplus thus arising should be applied to the reduction of the debt. This increased taxation would, by its very nature, be but temporary; for when it had effected the purpose for which it was imposed, the taxes would be remitted, and at the same time, there would have disappeared the heavy burden, before necessary to pay the interest of the debt. The territorial acquisitions of the East India Company might also be rendered available for the same object.

Adam Smith is decidedly opposed to the policy involved in the creation of a debt. It is a fallacy to suppose that no detrimental results follow from what some economists have called making payments by the right hand to the left. Productive capital is diminished, industry is embarrassed, and numerous instances can be adduced to show that "the practice of funding has gradually enfeebled every state which has adopted it." If Great Britain appears to be an exception, and the load of debt she has incurred seems to be borne with ease, it must not be argued from this, that the burden might be safely increased without causing disturbance and distress.

MACAULAY.

It might not be without interest to give in this connection the views of one of our great historians, who in the course of his work has to narrate the history of the origin of the English national debt.

Lord Macaulay (History, vol. vi. c. 19) has devoted a short but brilliant paragraph to this topic. He shows how a long series of statesmen and economists alike, with each fresh addition to the debt, predicted the close approach of bankruptcy and ruin. There was a double fallacy in the arguments of these "prophets of evil." They regarded a state debt as precisely analogous to a debt owed by an individual; and they made no allowance for the continual improvement in the resources of the country. Macaulay's own conclusion is "that we find it as easy to pay the interest of eight hundred millions as our ancestors found it to pay the interest of eighty millions," and that "a long experience justifies us in believing that England may in the twentieth century be better able to support a debt of sixteen hundred millions, than she is at the present time to bear her present load." The effect of the system of funding is considered by Macaulay as salutary, in giving "intelligence an advantage over brute force, and honesty an advantage over dishonesty;" for "the power of a society to pay debts is proportioned to the progress which that society has made in industry, in commerce, and in all the arts and sciences which flourish under the benignant influence of freedom and of equal law. The inclination of a society to pay debts is proportioned to the degree in which that society respects the obligations of plighted faith."

TENNANT.

"If the sum received in dividends on the national debt were paid in taxes, and if these two sums precisely coincided in amount, and if there were no expenses of collection, and *if the taxes did not interfere with the production of wealth*, the national debt would not diminish the national wealth, though it could not augment it.

"It would be a mere matter of distribution.

"But the expense of collecting the national revenue, and the interference of taxation with production, are so much pure loss, and by the removal of these two sources of expense and loss, we should be richer if we were relieved of the national debt.

"To relieve ourselves of the national debt may not be conveniently within our power; to relieve ourselves, however, of the worst consequences of it is easily within our power.

"But, still the fact remains that the national debt—now, in round numbers, about £800,000,000—is a mortgage laid upon taxes; and this is a great evil, as also a great breach of the much boasted, but much violated English constitution; for it is the great privilege of each House of Commons in turn to exact taxes at pleasure, and no existing House has any right to engage that taxes shall be voted by its successor.

"Our national debt is, therefore, a national evil, and has been fixed on us and posterity by unconstitutional means; but this evil, great as it is, is often exaggerated in its evil effects, and made to appear to be a greater evil than it really is." *

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* "The People's Blue Book, or Taxation, as it is, and as it ought to be," by C. Tennant.

TABLE NO. I. SHOWING THE INCREASE OF OUR OWN NATIONAL DEBT FROM WARS.

Years.	War and Peace.	National Debt.	Interest.
		£	£
1691	War with France . . .	3,130,000	232,000
1697	Peace of Ryswick . . .	14,522,925	1,322,519
1702	War of the Spanish Succession	12,522,480	1,215,324
1713	Peace of Utrecht . . .	34,699,847	3,004,287
1718	War with Spain . . .	40,379,684	2,965,889
1721	Peace	54,405,108	2,855,380
1739	War of Right of Search with Spain	46,613,883	2,030,884
1742	War of the Austrian Succession	51,847,323	2,157,136
1748	Peace of Aix-la-Chapelle . .	75,812,132	3,165,765
1756	War. The Seven Years' War	74,475,025	2,753,566
1763	Peace	132,716,049	5,032,733
1775	War with America . . .	126,842,811	4,763,519
1783	Peace	231,843,631	9,065,585
1793	War with France.—First Revolutionary War . . .	247,874,434	9,711,238
1802	Peace of Amiens . . .	537,653,008	20,268,551
1803	War with France.—Second Revolutionary War . . .	547,732,796	20,812,962
1815	Peace	861,039,049	32,645,618
1854	War with Russia . . .	775,215,519	27,363,889
1856	Peace	808,108,722	28,550,039
1859	Peace	805,078,554	28,204,299

In looking back to the history of past wars in this list, it is impossible to say, even on the ground of national policy, that the English nation has gained any advantage which might not have been acquired without any interference with the policy of other nations.

If this view be correct, it follows that the many thousand millions sterling expended by the British nation in these wars, and all the human misery consequent thereon, might have been saved.

TABLE NO. 2. SHOWING THE COST OF WAR.

Years.	Wars.	Cost.
		£
1691	War with France—6 years to the Peace of Ryswick in 1697	11,392,925
1702	War of the Spanish Succession—11 years to the Peace of Utrecht in 1713	22,147,367
1718	War with Spain—3 years to 1721 . . .	14,025,424
1739	War of Right of Search with Spain—3 years to 1742	5,233,440
1742	War of the Austrian Succession—Six years to the Peace of Aix-la-Chapelle in 1748 .	23,964,809
1756	War.—The Seven Years' War, to the Peace in 1763	58,141,024
1775	War with America—8 years to the Peace in 1783	105,001,820
1793	War with France—9 years to the Peace of Amiens in 1802	289,778,574
1803	War with France—Second Revolutionary War —12 years to the Peace in 1815 . .	313,306,253
1854	War with Russia—2 years to the Peace in 1856	32,893,203
	Do.—further Cost of ditto	29,863,035
	Cost of Wars from 1691 to 1856—165 years .	£905,747,874

SUMMARY.

War..............................	67 years.
Peace	98 „
	165 years.

INTEREST PAID FOR EACH DECADE OF YEARS, FROM 1691—1859.

Years.		£
1691 to 1700	—Ten Years	9,228,211
1701 to 1710	„	14,779,968
1711 to 1720	„	29,437,104
1721 to 1730	„	25,762,251
1731 to 1740	„	21,114,749
1741 to 1750	„	25,853,046
1751 to 1760	„	28,664,024
1761 to 1770	„	47,092,783
1771 to 1780	„	52,093,419
1781 to 1790	„	92,135,484
1791 to 1800	„	135,123,780
1801 to 1810	„	224,138,726
1811 to 1820	„	303,639,929
1821 to 1830	„	294,437,684
1831 to 1840	„	290,254,607
1841 to 1850	„	285,099,761
1851 to 1859	—Nine Years	252,026,653
		£2,103,882,179

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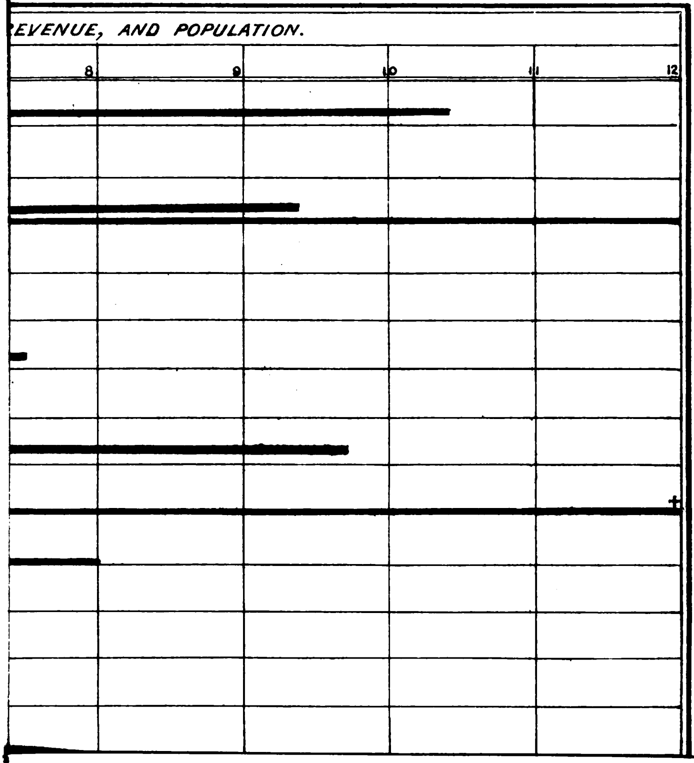

For complete and detailed information on the subject of public burdens as affecting the industry and trade of the different countries of the world, the reader would do well to consult, among other works, Von Umpfenbach's "Lehrbuch der Finanz Wissenschaft," Mr. Cohen's "Compendium of Finance," Tooke and Neumarch's "History of Prices," Mr. Block's "Europe," "The Statesman's Year Book," by Mr. Frederick Martin, and "National Debts," by R. Dudley Baxter, M.A.; which last brief but comprehensive treatise was reviewed in the *Standard* of June 1st, 1871, and the article may be thus epitomized:—

Mr. Baxter estimates national debts by their nominal capital of the debt; by the annual interest thereon; by the annual charge per head of population; and by the per-centage of the annual charge of the debt to the gross income of the population.

UNITED KINGDOM.—This debt has stood out from those of other countries conspicuous for its singular magnitude. "It commenced in earnest after the Revolution of 1688, it passed the debt of France about 1750, took a step in advance during the wars of the elder Pitt, then a long stride in the eight years of the American war, and finally an immense bound in the great French wars from 1793 to 1815, which made it tower like a giant over the debts of all other nations."

In 1815 it stood at £902,000,000, in 1871 £796,000,000; showing a decrease of £106,000,000 in the fifty-six years, notwithstanding the additions of £75,000,000 for the negro emancipation, the Irish famine, the Crimean war, fortifications, and the purchase of telegraphs.

In order, however, to ascertain the true reduction in the debt since 1815, it is necessary to deduct £11,000,000, the value of annuities existing before 1815, and also for the failure to meet the extraordinary emergencies during that period, which will leave £65,000,000 clear reduction, or an average of nearly £1,200,000 per annum. It should, however, be remarked that during the last two years the reduction has been at nearly four times that rate. At the old rate we should require about six centuries to effect the extinction of the debt, whereas at the present speed, only a few generations need be troubled by its pressure.

UNITED STATES.—We find that from £18,000,000 in 1861, the Federal liabilities rose by reason of the war to £551,000,000 in 1865, and during the subsequent peace sank to £466,400,000. In four years of war, including state debts, there was an average annual increase of £139,000,000, and in the five following years of peace an average annual decrease of £16,000,000. The interest on the debt of the United States in 1865 was £28,750,000, or four millions sterling more than that of Great Britain, and in 1870, £23,320,000, or one million less; while the charge per head in 1865 was about the same in both countries—viz., 16*s*. 3*d*., whereas in 1870 it was only 12*s*. in the States, or 3*s*. 9*d*. less than ours; but their reduction has been effected by a system of imposts that "has crippled industry, and probably cost the United States more than £250,000,000 of actual payments, and many times more than five millions a year of lost profits on manufactures and commerce." With her enormous territory, her coal-fields, and other mineral resources, and a population that doubles in less than twenty-five years, the income of the United States, already very large, must increase to an extent that would support her debt with ease. In fifty or sixty years, at latest, a period not longer than from 1815 to 1870, it is reasonable to suppose that the United States will contain more than 100,000,000 inhabitants, and that the income of the country will exceed £2,500,000,000, to which a debt of less than five hundred millions would be insignificant.

PRUSSIA AND GERMANY.—The debt of Prussia has always been small, and even now, after the war, with all the annexations, the national debt of the German Empire only equals £170,000,000. The total interest of this in 1870 was £7,340,000, and the average nominal charge on the whole German population of thirty-eight millions and a half was only 3*s*. 9*d*. The French payments will suffice to cancel the greater portion of these debts, and Germany will be the only great Power practically free from debt. The income of the Empire cannot be less than £725,000,000, and with the addition of Alsace and Lorraine it will equal that of France in her best days.

HOLLAND.—"Holland is a signal example of the danger of national debt, and of perseverance and success in its reduction." Wars with Spain, England, and France created her debt, and from the wealthiest state in Europe it lowered her to her present level. In 1810 it amounted to £100,000,000, the interest of which, £3,500,000, was beyond the nation's power to pay. In 1814 she converted the debt into £48,000,000 actual, and £96,000,000 deferred, raising the debt to £144,000,000, with a sinking fund, and other provision for its final reduction; it stood in 1869 at only £80,640,000; showing a greater reduction than that of Great Britain, though our resources and population are ten times as great as those of Holland. In 1869 the interest was £2,298,000, and the annual charge per head diminished from 30*s*. 10*d*. in 1810 to 12*s*. 3*d*.

BELGIUM.—The debt of Belgium has been reduced from £38,900,000 to £27,360,000 between 1852 and 1869, and the annual charge per head from 6*s*. 8*d*. to 4*s*. 2*d*.

DENMARK.—The debt of Denmark in 1821 was £4,150,000; in 1866, £14,860,000; and in 1869, £13,240,000; showing a reduction of £600,000 per annum during the three years. The interest is now £870,000, being an annual charge of 9*s*. on a population of 1,780,000.

SWITZERLAND.—The debts of Switzerland amount to £5,280,000, the annual charge per head being 2*s.* 4*d.*

We now turn to the "Latin nations inhabiting France, and the two great Southern Peninsulas, and the Spanish and Portuguese colonies of America."

FRANCE.—"There is not a single man in France," says a high official in the Ministry of Finance, "who can tell the exact state of the national debt. *Pas un seul.*" It can, however, be traced back to 1375, when Rentes were created by Charles V. In 1715 it amounted to £124,000,000; in the following year it was arbitrarily reduced by the Regent to £80,000,000. The Revolution raised it to £96,000,000, and it was then compulsorily reduced to one-third (*Tiers Consolidés*), and in 1793 it stood at £32,000,000. The First Empire raised it only to £70,645,000, thanks to Napoleon's system of levying contributions. Under the Bourbons it doubled, and in 1830 stood at £141,770,000. The Orleanist rule added £40,000,000, and the Republic £63,000,000; and the Second Empire raised it from £245,250,000 to £550,000,000, including the loan of last July.

Rente and interest during the Second Empire increased from £10,130,000 to £16,600,000, and the annual charge per head from 5*s.* 7*d.* to 8*s.* 8*d.*, or with the railway guarantees, the bridge and canal funds, to £18,600,000 and to 9*s.* 9*d.* respectively. "French industry and commerce, by construction of railways, were immensely stimulated after 1852 by the financial system of the Emperor Napoleon." The income of France, which in 1837 was estimated at £360,000,000, in 1868 attained £908,000,000, as estimated by Mons. Block, or £800,000,000, according to MM. Elisée and Reclus, while the interest on the debt bore the same proportion to the national income —viz., 2.3 per cent., in 1837 as in 1870, including in the latter case the railway guarantee, which in itself amounts to £2,000,000. "By the terms of the concessions of her railways, the state will, in the middle of the next century, become the unencumbered owner of all railways now existing in her territory—a property which, before the Prussian war, was worth more than £300,000,000."

If she fulfils her engagements, France will have the largest national debt ever known—at least £1,000,000,000, and an annual charge of about £40,000,000; added to which, it will take some years for her national income to regain its former amount, besides the permanent loss of Alsace and German Lorraine with 1,600,000 inhabitants. "When the standard of 1870 is regained the debt tax will be about 5 per cent. on the national income, or double that of England in 1870, though less than the burden of England so lately as 1843."

In 1861, on the constitution of the kingdom of Italy, the consolidated

Italian debt amounted to £84,000,000; in 1869 it reached £185,000,000. "Hence the debt of Italy has increased more rapidly than that of any other European state." The annual charge per head is 14s., and the interest £18,000,000. The Italians are the poorest and most heavily burdened of all European nations.

SPAIN AND PORTUGAL. — Spain, in 1861, had a debt of £145,000,000, and in September last, £237,400,000. The annual charge is £6,735,000, equal to 8s. per head. The debt of Portugal, "from a succession of deficits without any excuse of war," rose from £900,000 in 1796 to £59,300,000 in 1869. The interest is £1,800,000, or 9s. per head. In Latin America, or South America, Mexico, and Cuba, we find debts amounting to £212,000,000, bearing £12,200,000 interest, or 6s. 1d. per head.

EASTERN EUROPE.—Coming now to the Eastern States of Europe; Austria, after the seven years' war, had a debt of £15,000,000 in 1763; in 1820 it reached £98,700,000; in 1848, £125,000,000; and in 1868 its wars and deficits had raised the debt to £301,000,000, bearing an interest of £13,120,000, or 7s. 3d. per head. The national income was then estimated at £600,000,000, on which the annual charge was 2s. 2d. Russia, in 1853, had a debt of £125,000,000; the Crimean War raised it to £240,000,000, and in 1869 it was £300,000,000, bearing an interest, including railway guarantees, of £24,500,000, or 6s. 11d. per head, with an income of only £513,000,000, on which the annual charge is 2.5 per cent. Greece has a debt of £18,000,000. "The annual charge of a small portion is paid by Greece; that of a loan of £2,344,000 is paid by England, France, and Russia, its guarantors, and that of the remainder is paid by nobody." Since 1861 Roumania has borrowed £4,325,000, and Servia is the only state in Europe without any debt at all. "The Ottoman Government was received into the European family of debtors in 1854," and in 1870 the debt amounted to £92,000,000, the interest of which is £5,000,000, or 4s. per head. Egypt commenced borrowing in 1862, and owes now £36,880,000; interest £2,580,000, or 7s. 4d. per head. And Morocco has a small debt of £440,000 contracted in 1862.

In 1715 the national debts of the world amounted to £300,000,000, of which France owed £124,000,000, and England only £36,000,000; in 1793 they amounted to £505,900,000, of which England owed £280,000,000, or, with British India, £288,000,000; in 1815-1820 they amounted to £1,530,000,000, England heading the list with £902,000,000, or, with India, £931,000,000. In 1848 they reached £1,713,000,000; and in 1869-1870, £3,911,000,000. All but one-eighth of these vast sums has been spent on war and unproductive purposes.

"Out of fifty-two civilised states and considerable colonies in the world, only three small states are free from debt—Servia in Europe;

Bolivia in America; and Liberia in Africa; and one other state, the most powerful of all, the Empire of Germany, is, or soon will be, practically relieved from debt."

"There can be no doubt of the immense advance of these five nations —the United Kingdom, France, Austria, Prussia, and the United States—both in population and wealth during this period (170 years); in population from 42,000,000 to 180,000,000, or four-and-a-half times as many; and in income from an approximate amount of £200,000,000 to nearly £4,000,000,000, or twenty times as much."

Prussia and the United States during the same period from populations like those of Denmark and Edinburgh, have each reached thirty-eight and a half millions—Prussia by war and annexation, and America by development and immigration.

In 1700 France was literally "La Grande Nation," with nearly 20,000,000 out of the 42,000,000 population of the four European States." Now her population is only on a par with the population of America, Germany, and Austria, and less than one-fourth greater than that of England. The leadership of England in wealth and income during the present century, has been nearly approached by France, and even surpassed by the United States; but still "England is the richest country in the world, because she has the largest margin between income and expenditure, and much the greatest amount of disposable capital."

Mr. Baxter thus summarises his conclusions relating to national debts:—"A national debt is a mortgage of the future income and earnings of the nation, and shifts the burden from the borrowing generation to materially different property and earners. Hence it is only justifiable in case of great emergencies, with which the state is unable otherwise to cope, but then it is able to render great services to the nation. It generally leads to greater and less economical expenditure, and is raised on onerous terms. It weakens a nation by withdrawing capital from productive employment and improvements, and also by necessitating additional and often injurious taxation. Its bad effect is modified by the growth of the nation, which gradually diminishes its pressure and burden; but great wars from time to time arise requiring large increases of debt, so that national growth cannot be depended on to wipe out a national debt. In time of peace the industrial competition of nations gives a great advantage in the markets of the world to the nation least weighted by debt. The removal of prejudicial taxation, so long as it exists, must be the principal object of exertion. But for war reasons, and also for peace reasons, it is always the true policy of a nation to keep steadily in view and persevere in efforts for the reduction of its national debt."

RELATION OF THE BANK OF ENGLAND TO THE ROYAL MINT AND TO COINAGE.

The provision of a currency invariable in value, and convenient in form, divisions and multiples, should be the object, as it is the prerogative, of the Crown. The currency of this country consists of bank-notes, gold coin, silver coin, and copper coin. The standard of value is gold. If silver were admitted to be a concurrent standard of value, it must also, like gold, become a "legal tender," and every debtor would, in paying his debt, have the alternative of paying in silver or in gold. Of course he would always select the cheapest medium. One of two conditions would ensue.

1. One metal might be so far cheaper than the other that the dearer metal would be practically excluded from use as legal tender. This was the case in France from 1803 till 1850. The law had valued gold at 15½ to 1 of silver, but, as gold was worth more than the comparative value assigned to it, it was speedily transported to other countries; it was exported as soon as coined, and the silver coin alone discharged the office of legal tender and standard of value. The gold discoveries after 1850 reversed the relative values: gold became cheaper than silver. The silver coin was exported, to the inconvenience of the people; and the French Government resorted to the coinage of debased silver into all the smaller pieces; which forfeited the character of the standard coin.

2. The variations in the values of gold and silver might be frequent, and be such as to make at one time gold and at another silver the cheapest metal. If every debt were legally payable in either medium, the cheapest would in every case be used, so that no lender of money or seller of goods could reckon with certainty upon receiving the equivalent contemplated when he made his contract.

Silver, then, not being a standard of value or a legal tender beyond 40*s*., but representing portions of the pound sterling, or sovereign, which is the standard of value, is coined so as to pass for one-tenth more than its value as bullion or uncoined metal. This difference of one-tenth is adjusted with a view to derive all the profit that can be realised from the coinage, without, on the one hand, tempting illegal coinage, and, on the other, clashing with the function of the gold coin as standard of value. The State, which makes ten per cent. profit on its silver coinage, carries that profit to the credit of the community, and takes care that enough, but not more than enough silver, is coined. If any individual could, either by his own machinery, or by sending bar silver to the Mint, convert 60*s*. into 66*s*., thousands would be coined not needed as currency, and solely to enrich an individual by his exercise of a prerogative pertaining to the Crown.

The principle exhibited in the seignorage levied by the Crown, on silver coined in its sole right, may be even more plainly illustrated in the bronze coinage, which passes for more than double its market value in the form of uncoined metal, but is not a legal tender for more than 1*s.*

The prerogative of coining, whether in gold, silver, or copper, properly belongs to the Crown, and should be exercised by the Crown alone for the advantage of the nation; but the coinage of gold, which, as the standard of value at home, is also the medium of exchange with foreign countries, cannot be made a source of profit. It is, however, an entire misapprehension to suppose that the rich man is favoured and the poor man is injured by the free coinage of gold or by the profit of ten per cent. on the coinage of silver.

It is precisely the same class of persons who import gold and who import silver; and so far even as regards silver produced from English mines, its value is unaffected by the Mint regulations, for it is determined by the demand and supply operating throughout the market of the world. It is quite true that silver rather than gold is the medium through which the wages of the labouring class are paid; but to show that the labouring class are injured by the Mint regulations, it must be demonstrated that the shilling they now receive commands a smaller quantity of the necessaries of life than would a shilling coined as an integral measure of value. The shilling now circulating derives its purchasing power, not from the silver it contains, but from its being by law the twentieth part of a pound—the golden standard. All prices, wholesale or retail, whether of a bullock or a beefsteak, of a quarter of wheat or a loaf of bread, are computed on a gold valuation. The artisan's shilling is intrinsically the twenty-second part of a pound, his penny but the four hundred and eightieth part of a pound; but how do these facts affect his interest if he can always, with twenty shillings or with two hundred and forty pence, secure the value of a pound? If a silver standard of value were substituted for, or made concurrent with, our present gold standard, the great object to be studied would be so to adjust the *new* standard in its relation to the old one as to leave prices of commodities practically unaffected. Money and coin are, after all, but the auxiliaries to the real transactions which concern the labouring class, viz., the barter of the exercise of their intelligence and industry for the material products which constitute their subsistence. So long as the standard of value is maintained in its integrity, and the subsidiary coins or tokens are supplied in sufficient quantity, industry can have no cause of complaint against the Mint.

(Abridged from Mr. J. G. Hubbard's 'Letter to the Press,' November 17th, 1871.)

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment, and number of hours of work.*
AUSTRIA.	Total workmen ... ... 6,340,000 Trades workmen in Vienna ... 100,000 Employed in mines ... 104,356 Employed in salt mines 12,771	Excellent trade schools. Drawing and Sunday Schools supplied on some mines by the proprietors. Good schools for adult workmen much wanted. The General School Bill of the 14th May, 1869, was one of the greatest benefits conferred upon the working classes, rendering national education compulsory, and elevating its standard. Compulsory attendance from the age of 6 to 12, and for a longer period if necessary. Religious instruction provided in the creed in which each child is born. Working Man's Educational Union in Vienna, with 8,000 members.	Intellectual and educational attainments rated low, but not justly so. Their condition improving and power increasing. Guilds established to which every Austrian workman is compelled to belong. Also courts of arbitration, mining clubs, and other institutions in which the improvement of the working classes is kept in view. The sanitary condition of the mining population, on the whole, is good. The needs of the industrial classes are so far attended to as to produce first-rate workmen. 76 whole holidays in the year.	Various important mines. Turnery, a special and conspicuous branch of trade; also weaving. Numerous factories, but manufacturing industry of comparatively modern growth. Hours of work for adults, ten to twelve; do. for children, six to ten, per day.
GRAND DUCHY OF BADEN.	Total population (1864) 1,428,090 Total working classes 101,557	Carefully maintained. Good factory schools.	Condition of agricultural labourers not satisfactory. Factories flourishing. Good industrial laws and improvement unions.	Mirror, hemp, cigar, and other manufactures. Jewellery and clock trades, with various other industries.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Houses commonly built by the proprietors of mines and factories, and gradually purchased by the workmen. 59,343 provided with lodging by their employers.	Workmen furnished by their employers, in many of the mines, with food at market prices, and on some cheap eating-houses are established. Patches of ground also given for cultivating garden produce. 46,739 (13·7 per cent. of the whole working class) provided wholly or in part with board by the establishment to which they belong. Estimated sum for an unmarried working man per annum:—Board, £36 10s.; lodging, £10; clothing, £6 14s.—total, £53 4s.	Agricultural labour valued at £4 per annum, with board and lodging, in 1867; it has since considerably risen. Turners (lowest wages) 8s. to 10s. per week. Meerschaum carvers, 16s. to 30s. ditto. Weavers, 10s. ditto. Plumbers, 16s. ditto. Silversmiths, 12s. to 20s. ditto. Joiners, 5s. to 10s. per day. Tailors, 4s. to 6s. „ Smiths, 4s. to 6s. „ Builders, 1s. 8d. to 2s. 8d. per day. Extra time, 3d. to 5d. per hour.	The demand for agricultural labour greater than the supply.
An ordinary working man's sleeping place, 4 kreutzers per night. Houses built and sold to workmen for £90, paid by instalments of from 92 to 150 florins, extending over 13 years.	Ordinary cost of meals for a single workman:—Out of the factory, 24⅓ kreutzers; in the factory, 19½ kreutzers.	Average daily earnings, 1 florin 11 kreutzers.	No want of employment. Room for many manufactures, if there were sufficient capital and enterprise. Much water power in Baden. Many foreigners employed in the construction of railways.

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the Industrial classes.*	*Nature of their employment, and number of hours of work.*
BELGIUM.	Total population (1865) 4,800,000 Total (masters and men) engaged in agriculture 1,000,000 Ditto in commerce ... 156,803 Ditto in manufactures. 866,947 Two-fifths of the population are engaged in manual labour.	Greater than in England in some respects. The industrial classes are able to read and calculate, and generally to write.	Character indifferent and independent. Superior workman fairly paid. Inferior ditto unable to live on his wages; badly fed and clothed; ill-housed. The Council of Prud'hommes, a recognised tribunal, consisting of equal numbers of employers and employed, very useful. 79 Friendly Aid Societies recognised by government, and 76 unofficially brought under its notice.	Various manufactures, and the usual trades.
BRAZIL.	It can hardly be said that there is any industrial or artisan class here; half the people are employed in the public service, a quarter of them in professional occupations, and of the rest few enter into trade or commercial pursuits. Slave labour is so cheap that a good mechanic could not get good remunerative work.			
DENMARK.	Total population ... ... 1,800,000 Industrial classes ... 630,000 Or 35 per cent.	Popular education obligatory. Industrial and educational unions. The Danes write admirably on all subjects except art.	Condition not really good. Character phlegmatic and languid; a slowness to comprehend and act. Of 10 old and decayed workmen 9 have to go to the parish. Houses badly ventilated. In Copenhagen 213 cubic feet of air is the average for each individual. Building societies, co-operative stores, provident societies, and savings' banks prosperous. Of these last there are 86, with 205,997 depositors, or 1 in 8¾ of the population. £6,000,000 savings in Danish banks.	Cloth, glass, and other factories, with various trades.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Houses deplorable.	Food generally poor. At a self-supporting restaurant, established by an Englishman, President of the Council of Prud'hommes, the following is the schedule of the prices :— Centimes. Soup (1 litre)... 10 Meat or fish ... 20 Vegetables ... 10 Beer (pint) ... 7 Bread ... ... 5 Coffee 5	Inferior class, 1s. to 2s. 6d. per day. Skilled labourers, 3s. 6d. to 8s. per day. Journeymen carpenters, smiths, and tailors, 1s. 4d. to 1s. 8d. per day. Colliers, 3s. 6d. to 4s. per day. Engine drivers, 5s. to 8s. „ Carpenter on his own account, 4s. to 6s. „ Coppersmith (with family), £80 per annum.	First-rate native work hardly to be obtained. Every new undertaking started by foreign money and enterprise. The Belgian workman noted for producing a cheap article. No temptation for English competition, nor any certainty for foreign hands.
Lodgings very ordinary, with bad accommodation.	Living expensive and indifferent.	Engineers, 3s. to 5s. per day. Blacksmiths, 2s. to 3s. „ Carpenters, 3s. to 4s. „ Tailors and shoemakers, 4s. to 5s. ditto. Government labourers, 2s. 6d. to 3s. 6d. ditto. Labourers, £4 to £5 per month.	No opening whatever for foreigners.
First-floor, £7 10s. per year. Ground-floor, £6 10s. per year. Accommodation on a flat, £8 per year. Furnished room, 10s. per month. Unfurnished lodgings (two rooms and a kitchen), 13s. ditto.	Rye bread universally eaten. An operative expends 1s. 6d. per day.	Bricklayers } 15s. 6d. to { per Carpenters } 17s. 6d. { week Smiths } Bookbinders } 20s. „ Weavers, 15s 6d. to 22s. „ Painters, 17s. 6d. „ Tailors, 15s. 6d. „ Shoemakers, 13s. „ Daily workmen, 8s. 6d. to 10s. 6d. per week. Provincial rates a little lower; a carpenter would receive 9s. per week with board and lodging. Railway navvies in Jutland receive from 2s. 9d. to 3s. 6s. per day.	In the present state of the Danish labour market, capital must presumably continue to dictate its own terms

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment and number of hours of work.*
FRANCE.	Total population ... 38,067,064 Agriculture supports more than half the population. Commerce and industry support more than one-third. Producing population :— Employers. Workmen. Textile fabrics...26,283 825,829 Mines and quarries ... ... 4,553 121,824 Metallurgy ... 2,850 49,675 Metal manufactures ... ... 6,332 145,846 Leather manufactures ... ... 1,227 34,000 Ceramic manufactures ... ... 2,596 71,801 Chemical manufactures ... ... 2,205 21,841 Building ... ...10,884 480,388 Lighting ... ... 2,990 13,509 Furniture ... ... 1,469 48,684 Food... ... ...25,758 159,393 Transport ... ... 1,759 60,759 Science, letters, and art ... ... 5,161 59,549 Luxuries and amusements ... 2,541 63,084 Military ... ... 725 22,441 Various ... ... 1,093 9,839 In Paris :— 11,963 live by gardening, 214,349 live by commercial professions, 248,541 live by industrial professions, 76,339 live by various professions, among which porters (concierges) number 45,323 persons. Of those receiving wages :— Total employés... ... 206,528 ,, workmen... ... 755,007 32 in 100 supported by absolute work, 62 in 100 supported by wages in various forms.	Primary and religious instruction of children in factories up to the age of 12 years, and afterwards, if necessary. (100,000 children employed subject to the Factory Law of 1841.) Schools des Arts et Métiers for technical training of youths. Also Conservatoire des Arts et Métiers for lectures on industrial subjects (free).	The Empire has done its best to secure the affection of the working classes, although mechanics' institutes and working men's clubs are wanting. The industrial classes generally well cared for. A very small proportion of Paris workmen are native Parisians. In 1867 there were 488 savings' banks and 564 branch banks in all France—1 depositor to every 20 persons. The sum deposited, as calculated 31st Dec., 1867, was £22,834,767, giving an average of £12 7s. 5¼d. per depositor. There are also 5,829 friendly societies.	Many important manufactories and the usual trades. Hours of work per day :— For children to 12 years, 8. From 12 to 16 years, 10 to 12. For men, 12. Sometimes 13 or 14. In Paris sometimes 11.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Apartments in a "cité" £8 to £14 per annum. Single room without a fire-place, £4 ditto. The same prices all over Paris, but accommodation is better, as distance from the centre increases. Average price of lodgings for a family belonging to the industrial class, about £2 10s. per annum.	The cost of food has risen 50 per cent. since 1855. A workman can board in Paris at the rate of (3 francs) 2s. 4¾d. per day. In 1869, bread cost 2d. per kilogramme (1 lb. 1 3-5th oz.); beef, 10d.; butter, 1s. 2⅜d.; 12 eggs, 1s. 2⅜d. potatoes, 1s. 2½d. per decalitre (2 imperial gallons 1½ pint); ordinary wine, 7⅜d. per litre, (1¾ pint).	The rate of wages has risen 25 per cent. since 1853. Artificial flower-makers, 4s. per day. Blacksmiths, 4s. 4d. to 6s. 4d. per day. Brickmakers, 2s. 9½d., to 4s. 9½d. per day. Shoemakers, 4s. to 5s. 2½d. per day. Carpenters, 4s. 9½d. per day. Charcoal workmen, 3s. 7½d. Coppersmiths, 4¾d. to 8¾d. per hour. Gardeners, 2s. 9½d to 4s. 9½d. per day. Masons, 2s. 9½d. to 4s. 4¾d. per day. Painters, 4s. 9¾d. per day. Printers, 3s. 2½d. to 6s. 4¾d. per day. Miners, 4s. to 4s. 9¾d. per day. Tailors, 3s. 2½d. to 5s. 7½d. per day. Watchmakers, 4s. to 6s. 4¾d. per day. Weavers, 2s. 4¾d. to 5s. 7½d. per day. Wheelwrights, 3s 7½d. to 4s. 9½d.	

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment and number of hours of work.*
GREECE.	Industrial population scanty and scattered.		Character frugal and primitive. Great disadvantages from a scarcity of capital. Manufactures only established within the last 12 years.	Principally engaged in agricultural and seafaring occupations.
HANSE TOWNS.	Total population ... ... 306,507 Industrial classes rather less than one quarter of this number.	Good educational institutions.	Well clothed. Frugal and provident. Moral, intellectual, and material condition greatly improved.	Carriage building, engineering, shipbuilding, meat curing, sugar refining, &c., with the ordinary trades.
NETHERLANDS.			Industrious, provident, but perhaps too independent, with great aversion to foreigners.	Ordinary trades (limited).
PERU.	Population of Lima ... 100,000 Skilled artisans 5,000	A school of arts for 200, but never more than 70 in attendance	Good and steady workmen in a condition of comfort and independence.	The gas and water companies, estate owners, steam navigation company, owners of machine shops and foundries, employ chiefly foreign labour.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Badly-built houses, with earthen floors, and only one or two rooms, 7s. 1d. to 14s. 2d. per month.	On fast days (195 in the year) only bread, wine, and olives are eaten. Meat (very inferior), 5d. per lb.; common bread, 1¼d. per lb.; resined wine (largely drunk), 2d. per pint.	Watchmakers, 1s. to 2s. 1½d. per day. Tailors, 2s. 1½d. per day. Shoemakers, 2s. 1½d. to 2s. 10d. per day. Printers, 1s. 5d. to 2s. 1½d. per day. Carpenters, 2s. 1½d. to 3s. 6½d. per day. Caulkers, 2s. 1½d. to 2s. 10d. per day. Blacksmiths, 1s. 5d. to 1s. 9¼d. per day. Masons, 1s. 9¼d. to 3s. 6½d. per day. Operatives in factories, 1s. 9¼d. to 2s. 1½d. per day.	The supply equal to the demand, caused by the low rates of wages for skilled labour. No room for foreign workmen.
Lodging, £5 per annum. Better class, £7 to £11 Travelling workmen, for board and lodging, 9s. to 10s. 6d. per week. Houses too crowded; the average being 109 per Prussian morgen (2r. 21p. English) in the city, and in the country 65 per Prussian morgen; whilst in Berlin the average is only 29.	Prices risen during the last 20 years.	Skilled workmen, £45 per annum. Ordinary workmen, £30 per annum. Stonemasons, summer, 18s.; winter, 15s. per week. Carpenters, summer, 18s.; winter, 15s. per week. Painters, summer, 16s.; winter, 14s. per week. Printers, 18s. per week. Engineers, 18s. per week.	Pretty full. Higher wages and greater opportunities for amusements attract other Germans there.
In the Hague, 2s. to 2s. 6d. per week. Model lodging-houses (one floor), 2s. 1d. to 2s. 8d. ditto. Working classes are fond of a house to themselves.	Very frugal in their meals. Meat seldom tasted by the working classes. Cook-shops provided for them, where they obtain a meal for 2d.	Skilled workmen, 16s. per week. Gas-work stokers, 17s. 6d. per week. Artisans in smaller towns, and factory hands, 10s. ditto. They are also paid sometimes at the rate of from 2d. to 4d. per hour.	Labour cheap. A few skilled foremen only required, who, after two or three years, are dispensed with.
1 room, 18s. to 25s. per month. 2 rooms, 24s. to 36s. per month. Small houses, 45s. to 75s. per month.	A native's food, 1s. 2d. to 1s. 6d. per day. The English labourer boards at from 2s. 3d. to 3s. ditto.	A native labourer or "peon," 3s. to 6s. per day. A native agricultural labourer, 2s. 3d. per day. English— Carpenters, 9s. to 12s. per day. Plumbers, 10s. 6d. to 15s. per day. Ironfounders, 12s to 18s. per day. Common labourers, 3s. 9d. to 6s. per day.	Not overstocked. A large demand for agricultural and outdoor workmen. Steady mechanics can obtain remunerative employment, although the climate is a drawback.

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment and number of hours of work.*
PORTUGAL.	Total population ... ...4,288,955 Industrial population (?)... 186,684 Operatives in Lisbon ... 7,000 In Aveiro, Coimbra, and Leiria 75,296		Industrial interest not very strong. Workmen's wants easily supplied. Attendance on the Monday as regular as on other days. Drunkenness very rare. No trades' unions. Strikes also of unfrequent occurrence. No restrictions between employers and employed.	Woollen cloth and shoes (the latter exported chiefly to Brazil), with the wine and other factories.
PRUSSIA.	Total population, ...24,000,000 157 workmen to every hundred employers—the largest proportion in Silesia, Westphalia, and the Rhenish provinces. 199 labourers to every hundred landowners—the smallest percentage in the Rhenish provinces and Brandenburg. Weavers, 30,000.	Primary education obligatory for children from 6 to 14 years of age; 14 per cent. only absent from school; only 4 per cent. of the soldiers not educated; and only 12 per cent. who cannot read print. A second advanced school for apprentices (not compulsory). Various industrial establishments, and carefully arranged rules for the guidance of operatives, &c.	Many agricultural labourers live in comparative indigence. Fresh meat an exceptional luxury, yet they are generally contented. The factory operatives less contented as a rule, but wanting in proper ambition. Weavers the poorest, worst fed, and the least capable of the working classes. Miners and iron-workers most prosperous. Dwellings overcrowded.	Iron, coal, slate, glass, and other great industries. Sugar factors, tile makers, and masons, migratory. Munich — Brewers and saddlers. Dresden—Tailors. Cologne and Munich — Stonecutters. Elberfeld — Fringe makers. Berlin—Locksmiths and bronzers. Leipsic — Polygraphic art in all its branches. All travel after apprenticeship. More than one-fifth of all the factory operatives are females.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Houses generally poor; deficient in arrangement and healthiness.		Rate from 10⅓d. to 5s. 4d. per day. Weavers (a large class), 2s. 6d.	Fairly stocked. Only open to the foreign agriculturist, or a few French dyers and English engineers of the first class.
Some agricultural labourers lodged gratis, or allowed from ¼ to 1⅓ acre of land. Dwellings poor and inadequate — one room, 18s. to 45s. per annum. In large towns, 3 or 4 rooms, £4 10s. to £15 ditto. In smaller towns, £2 ditto. Sleeping accommodation for one person, 3s. to 4s. 6d. per month. A dearth of houses in Minden (Westphalia), rent £6 to £7 10s. per annum. In other parts, only £1 10s. to £2 8s. ditto. In Berlin, there are 152,641 houses for 674,400 persons.	Annual sum for working man and family of three persons:— Largest at Cologne, £6 10s. Medium in circle of Essen, £33 9s. Smallest at Posen, £8 18s. Rate of cost for food in circle of Essen:— Wheat flour 2⅓d. per lb. Bread ... 1d. „ Rice ... ... 4⅔d. „ Meat ... ... 6⅔d. „ Bacon ... 6¾d. „ Butter ... 9⅓d. „ Vegetables £1 11s. 2⅓d. per annum. Coffee, 18s. Pulse 3d. per measure. Milk, 1⅔d. per quart.	Wages of lodged agricultural workmen too various for generalisation: those not lodged 20 per cent. higher than the others. Artisan, 4s. 6d. to 18s. per week. Artisan, specially skilled, 24s. per week. Journeymen— Silk, india-rubber, chemical, and other operatives, 12s. to 18s. per week. Masons, 10s. 6d. to 15s. ditto. Tailors, 6s. to 15s. ditto. Carpenters, 13s. 6d. to 14s. 6d. ditto. Shoemakers, 4s. 6d. to 7s. 6d. ditto. Bakers, 4s. 6d. ditto. Brewers, 6s. ditto. Watchmakers, 6s. ditto. Millers, 13s. 6d. ditto and higher. Silesia— Miners, 2s. to 3s. per day. Ironfounders, 2s. to 3s. ditto. Glass workers, 15s. to 18s. per week. Metallurgy, 6s. to 30s. ditto.	Sufficiently well supplied. Good competition.

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment and number of hours of work.*
RUSSIA.	Hands employed in the cotton, wool, flax, hemp, cloth, silk, iron, sugar manufactures, &c., 725,000.	Several mill schools. Some free. In some a small charge made just to cover the expenses	No comfort or cleanliness in their homes.	Various manufactures. Hours of work, 13 per day.
SAXONY.	Total population ... ... 2,225,240 Industrial classes ... 550,000	Education for children to 14 years of age compulsory. Good evening schools for apprentices and workmen; also improvement associations.	Quick and apt. Second to none in moral qualities. Contented and fairly prosperous. Working contracts strictly enforced. 70 per cent. of the least paid married workmen are depositors in the savings banks.	General industries
SPAIN.	Total artisans in Catalonia... 600,000 Manufacturing hands, do. ... 18,000	In Andalusia ignorant though intelligent. 80 per cent. unable to read or write.	In Andalusia, discontented and irregular in their habits. Generally idle, proud, and independent. Moral and physical condition bad throughout the kingdom. Food scanty. Pay insufficient. Clothing coarse and common.	Wine, ore, soap, tobacco, quicksilver, copper, manganese, and other manufactories. Hours of work, 12 per day.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Agricultural labourers live in log-houses, rude and cheap. Houses erected by mill owners at—For unmarried men, 3s. to 6s. per month; for married men, 6s. to 9s. ditto.	In the towns, working classes live better than those in the country. Town rate, £1 per month; country rate, 5s. to 6s. per month. Rates of food— Beef, 3½d. to 4½d. per lb. Small fish, 3½d. per lb. Butter, 9d. per lb. Flour, black, 9s. 1d. per cwt. Flour, white (middle), 16s. 6d. per cwt.	Good mill hands, 30s. to 60s. per month. Ordinary mechanics, 3s. to 6s. per day. Skilled mechanics, 6s. to 10s. per day. At Moscow— Day labourers, 30s. per month.	Room only for skilled labour. Germans more suitable than Englishmen. Employment precarious.
		Miners, 3s. to 12s. Per week. Iron founders, 7s. 6d. to 30s. ,, Brass founders, 6s. to 18s. 6d. ,, Glass workers, 7s. 6d. to 60s. ,, Masons, 7s. 6d. to 18s. ,, Tailors, 6s. to 18s. ,, Shoemakers, 6s. to 10s. 6d. ,, Engravers, 6s. to 24s. ,, Clockmakers, 7s. 6d. to 30s. ,, Carpenters, 7s. 6d. to 18s. ,,	No great opening for foreigners. The trades unions exert a freemason influence.
In Catalonia and Valencia, houses consist of flats, called barracks; rent, 8s. 4d. to 10s. 5d. per month. Larger houses are sublet in apartments. In Andalusia, houses small, poor, and uncomfortable.	In Valencia the food consists of— Dried fish. Capsicums. Bread. Fruit. Red wine. Thick soup. In Andalusia— Bread. Vegetables. Cold soup of cucumber and bread.	Catalonia— Weavers, 12s. to 16s. per week. Andalusia— Workmen, 1s. to 1s. 5d. per day. Valencia— Ordinary workmen, in town, 1s. 5½d. to 1s. 8d. per day; in country, 1s. 0½d. to 1s. 8d. per day. Masons, 1s. to 1s. 3d., and 2s. 1d. to 2s. 6d. per day. Carpenters and smiths, 2s. 1d. to 2s. 6d. per day. Weavers, 1s. 3d. to 1s. 8d. per day. Shoemakers, 1s. 10½d. per day. Tailors and cigar makers, 2s. 1d. per day.	No opening in Catalonia. General stagnation in Valencia.

CONDITION OF THE INDUSTRIAL

Name of Country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of the employment and number hours of worl*
SWEDEN.	Total population (1860) 3,859,728. Persons in employment, 1,036,997, or 27 per cent. Manufacturing and artisan population, 90,698, or 3 per cent.	Attendance at Sunday and technical schools compulsory for those who do not possess the fixed minimum amount of knowledge.	No one employed under 12 years of age. Character industrious and moral. Workmen's societies general—five of them, comprising 1,500, 1,100, 1,680, 2,000, and 1,519 severally.	**Agricultural, watchmakin mining, a other indu tries.**
SWITZERLAND.	Agricultural classes, 44.4 per cent. Industrial classes, 34.5 per cent. Workmen employed in the several factories, 91,719.	Much attention paid to education, good schools and sound educational schemes. Attendance at primary schools compulsory from 6 or 7 years old to 15 or 16. Except at Geneva, every commune has its school.	Much mutual sympathy and good-will between employers and employed. A widely spread network of associations, called societies of public utility, also international workmen's associations, and a watch and clock institution. Cases of ill-behaviour rare. Winter soup-kitchens. Wood is distributed gratuitously in the forest districts, from 120 to 180 cubic feet annually. Several associations supply fuel at reduced rates. Clothing dear, but washing appliances numerous. Machinery introduced for bleaching, dyeing, and ironing linen at 1½d. the hour for washing, 1d. for ironing, and ¾d. for bleaching. Small-pox the only prevalent disease. Loans easily effected by the working classes.	**Watch and clock makin glass blowin straw plai ing, dyein cotton sp ning, wea ing, a other indu tries. Some of the found to injurious health Switzerland**

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
Houses built cheaply, in consequence of the abundance of timber. In some districts clay is used to fill in with, and bricks more generally of late years. Some houses sold to the workmen at from £110 to £170 each. Some built on a large scale, containing 24 lodgings for married workmen, with library or reading room. At Gottenburg, good houses carefully provided. Rent of lodgings arranged in blocks or sets, 5s. to 12s. 7d. per month. For skilled workmen, 14s. ditto. For second class ordinary workmen, inferior houses. Rents in Stockholm, £6 to £14 per annum.	Food chiefly vegetables and salt herrings ; also much milk for country labourers and miners. The Stockholm workman's food is better, and tolerably cheap at the eating houses. Cost of food, clothing, and other necessaries, generally double that of lodgings. A careful and industrious man may save half his earnings.	Agricultural labourers, 7d. to 1s. 5d. per day. Agricultural labourers at piece work, 2s. 4d. ditto. Miners and iron workers (rough) 11d. to 3s. ditto. Wood cutters, 10d. to 1s. 3d. ditto. Lucifer-match makers, 1s. 2d. to 3s. 4d. ditto. Steam flour-mill hands, 2s. 5d. ditto. Skilled smiths, 2s. 3d. to 3s. 4d. ditto. Charcoal burners, 5s. 6d. per ton. Skilled workmen in Stockholm, 2½d. to 3d. per hour. Ordinary do, 1½d. to 1¾d. ditto. Ship builders, 1½d. to 2¾d. ditto. Skilled workmen (average), 2s. 10d. per day ; 25 per cent. more when working by the piece. Skilled labour paid highest in Gottenburg.	No room for the introduction of labour from other countries. All manufactured articles in Sweden are also consumed there, the supply scarcely equalling the demand.
At Zurich— Houses with 3 or 4 rooms, cellar and loft, 13s. 4d. to 18s. 4d. per month, or £7 15s. to £10 11s. 8d. per annum. At Geneva— 1 room and kitchen £6 per annum. 1 kitchen alone, 8s. per month. At Lode, in the Jura— Numerous blocks of houses subdivided into smaller holdings at £6 to £16 per annum. At Berne— 1 room and kitchen, £9 16s. to £11 per annum.	Foreign workmen obtain a home in "pensions" or boarding-houses, where they can procure cheap food and lodging at 5s. 10d. to 6s. 8d. per week. Wheat the staple of the working men's food. Provisions and lodging for one man in the different cantons, 5s. 5d. to 7s. 6d. per week.	Weavers, 12s. 10d. per week. Dyers, 7s. 6d. ditto. Silk spinners, 10s. ditto. Printers, 13s. 4d. ditto. Labourers, 10s. ditto.	The difference of the different dialects of the cantons place a great obstruction in the way of the foreign artisan.

CONDITION OF THE INDUSTRI

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature emplo and nu hours o*
TURKEY.	Total population in Constantinople, 1,060,000; working classes in do., 120,000 (but they fluctuate greatly in numbers). Total population in province of Macedonia, 700,000. Of these four-fifths are employed in agriculture. During the winter 5,000 to 6,000 itinerant artisans go there from Albania. In Syria, the proportion of artisans to other classes is 25 per cent.; in Smyrna, 80 per cent.; in Aleppo, 8·7 per cent.; in Broussa, 10 to 12 per cent.	Education very imperfect.	Well clothed, but not over-clean. The Mussulman less thrifty and industrious than the Christian, the latter very economical. Guilds general.	Variou tant tries, flouri Shoem and work done piece lers' lors' day o Hours 9 in 8 an winte hours parts.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
A separate house never less than 25s. per month. An apartment of two rooms, 16s. 8d. The migratory artisan lives in odas or caravanserais. In one of these five men were living in one room, at 10s. per month. Food is supplied on the premises. At Haskieni, the naval arsenal, houses let at £25 up to £50 per annum. At Aleppo, one room at 4s. to 10s. per month. The average price of a house built with sun-dried bricks is £25 per room.	Vegetables largely consumed in Asia Minor. Many workmen chiefly eat bread, to the amount of 4 lbs. or 5 lbs. per day. Meat, wine, and spirits are only taken on festival days.	In Constantinople— English engineers, 13s. per day. Skilled workmen in arsenal, 2s. to 5s. per day. Ordinary workmen in arsenal, 1s. 2d. per day. Mason, 1s. to 3s. per day. Tailor, 10d. to 3s. 4d. per day. Shoemaker, 10d. to 2s. 6d. per day. Syria— Beyrout, labour, 1s. to 3s. 6d. per day. Aleppo, labour, 10s. per week. Asia Minor— Smyrna, labour, 4s. per day, also £6 to £12 per annum, with food, lodgings, and clothing. Broussa— Mason, 2s. 8d. to 3s. 4d. per day. Carpenter, 3s. 2d. to 4s. 8d. per day. Cabinet maker, 5s. to 6s. per day. Blacksmith, 2s. 6d. to 4s. per day. Tailor, 1s. 4d. to 1s. 10d. per day. Shoemaker, 1s. 10d. to 2s. 2d. per day. Turkey in Europe— Monastir— Carpenter, 1s. 6d. to 2s. per day. Mason, 1s. 6d. to 2s. per day. Shoemaker, 2s. per day. Tailor, 2s. per day. Unskilled labourer, 8d. to 10d. per day. Salonica— Agricultural labourer, 1s. 8d. per day. Mason, 1s. 10d. per day. Carpenter, 1s. 10d. per day. Shoemaker, 2s. per day. Tailor, 2s. per day. Unskilled labourer, 1s. 6d. per day. Italian workmen in Constantinople, earning £4 per month, can put by half that sum.	No opening for the skill or enterprise of the labouring classes, except, perhaps, in connection with the development of mining. Good land can be purchased between the Bosphorus and Varna at £2 per acre. There is possibly room for a few iron-workers in European Turkey. In Asiatic Turkey labour is wanted for the cultivation of the soil. In Smyrna work is precarious. Many Frenchmen are employed in the arsenal at Constantinople, and in the fez-cap factory. Of the Greeks there—the shoemakers number 3,000; cartwrights, 1,000; tailors, 500; distillers, 500; watchmakers, 100; blacksmiths, 200; jewellers, 200. The European artisans at Pera and Galata number 8,500.

CONDITION OF THE INDUSTRIAL

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Nature of their employment, and number of hours of work.*
UNITED STATES.	Total population (1865) in New York, 3,827,818 Working classes, do. ... 940,141 or 26 per cent. Total population in Massachusetts ...1,267,031 Working classes do. ... 445,746 In Alabama, one-third of the population are artisans and labourers. In Georgia, five-eighths belong to the industrial classes. In South Carolina, two-ninths do. In Virginia, three-fifths do.	Sound system of education.	Working man held in good repute. Very prosperous, but more restless and fond of change than formerly. Of the 30,000 miners in the Pennsylvanian coal districts, nearly all are English, Welsh, or Irish. The German element preponderates in the great clothing trades. The "tenement" house system very unhealthy. In one particular square (6,143,312 feet), 106 families, or 889 persons, are settled. The American excels in business qualities, but is deficient in patience and mutual confidence. Powerful trades' unions and co-operative associations. Savings-banks in a flourishing state. Amount of deposits— In New York ...£150,970,068 In Brooklyn ... 3,265,161 In other cities of New York State 5,896,154	Various and important industries. The trade of a florist very remunerative. More bouquets are made in New York in a month than in a whole year in London. Hours of work: Working man, 8 hours per day. Agricultural labourer, 12 hours per day.

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
In the Pacific States— £30 to £48 per annum. In the United States— Working classes well lodged. 3 or 4 rooms in a tenement house for best skilled workmen, £2 5s. to £3 16s. per month. Mechanics (better class), 2 rooms, 18s. to 39s. per month. Mechanics (lowest class), 1 room, 9s. to 18s. per month. 18,582 tenement houses in New York, with an average of 21½ persons to each house.	Prices at Massachusetts— Meat, 7¾d. per lb. Flour, 1¼d. ditto. Fish, 3d. ditto. Butter, 1s. 5¾d. ditto. Bacon, 6d. ditto. Rice, 6¼d. ditto. Tea, 4s. ditto. Sugar, 6¼d. ditto. Coffee, 1s. 9d. Single men live in boarding houses at from 12s. to 18s. per week. Board and lodging also at from £1 4s. to £1 12s. per week.	In the United States— Skilled labourers, 9s. to 15s. per day. Unskilled labourers, 2s. 6d. to 7s. 6d. ditto. In California— Workmen, 4s. to 12s. ditto. In cities— Labourers, 8s. per day without board, or £6 per month with board. Miners, 12s. to 13s. day, and 20s. do. Northern States— Bricklayers, carpenters and masons, £3 17s. 1d. to £4 5s. 8d. per week. Painters, £3 to £3 8s. 4d. ditto. Plasterers, £4 5s. 8d. to £5 2s. 10d. ditto. Plumbers, £2 11s. 5d. to £3 8s. 6d. ditto. Watchmakers, £4 5s. 8d. ditto. Shoemakers, £2 11s. 5d. ditto. Tailors, £2 11s. 5d. ditto. Compositors, £2 17s. 1d. to £3 8s. 6d. ditto. Blacksmiths, £2 17s. 1d. ditto. Coopers, £2 17s. 1d. to £3 8s. 6d. ditto. Engineers, £2 11s. 5d. ditto. Labourers, £2 2s. 10d. ditto. Southern States— Bricklayers, 9s. per day. Carpenters, 11s. 3d. ditto. Painters, 9s. to 12s. ditto. Plasterers, 9s. ditto. Tailors, 6s. to 12s ditto. Blacksmiths, 9s. to 10s. 6d. ditto. Engineers, 13s. 6d. ditto. Labourers, £2 5s. to £6 per month. Watchmakers, £225 to £300 per annum. California— (Non-Unionists). Bricklayers, 18s. to 24s. per day. Carpenters, 12s. to 16s. ditto. Masons, 16s. to 20s. ditto. Painters, 10s. to 16s. ditto. Plasterers, 16s. to 24s. ditto. Plumbers, 14s. ditto. Engineers, 16s. to 20s. ditto. Shoemakers, £7 to £12 per month. Blacksmiths, £12 to £20 with board per month. Labourers £6 to £8 ditto. (Unionists). Carpenters, 14s. to 16s. per day. Bricklayers, 20s. ditto. Blacksmiths, 16s. ditto.	Abundant openings, especially in Philadelphia, Alabama, and Virginia; but in Chicago 10,000 are out of work. Unskilled labourers only supplied at the rate of 12 per cent. of the demand. Foreign is every day replacing native skilled labour. The leading industries of the United States yield an annual product of £1,365,000,000.

CONDITION OF THE INDUSTR

Name of country.	*No. of persons belonging to the industrial classes, and their ratio to the whole population.*	*Educational advantages.*	*Condition, &c., of the industrial classes.*	*Natu emp and r hours*
WURTEMBERG.	Total population ... ... 1,780,000 Industrial classes ... 270,000 or 1 to 7 persons.	Good. Large industrial schools.	Character steady. Generally sober, except in the wine-drinking districts. Many of the working classes possess a small amount of landed property. They are fond of saving their earnings. In all Wurtemberg there are 71 savings-banks, at which the extent of transactions may be set down at £3,000,000. There are also productive clubs, and good industrial laws.	The u and ture

CLASSES IN FOREIGN COUNTRIES.

Rent.	*Cost of living.*	*Rate of wages.*	*State of labour market, &c.*
In Stuttgardt, £6 15s. per annum. In country towns, £4 4s. per annum. In villages, £3 8s. per annum. Sleeping accommodation for an ordinary working man, 1d. per night.	Great facilities for enjoying life. The ordinary workman lives well on 8d. per day. Meat generally eaten, or, in the case of the poorest artisan, sausage. Bread at 1¼d. per lb. Very fair beer at 1¼d. to 1¾d. per quart.	Workmen from 14 to 18 years old. Highest, 6d. to 1s. per day. Lowest, 6d. to 8d. per day. Or, Highest, £10 to £15 per annum. Lowest, £7 10s. to £10 per annum. Workmen above 18 years. Highest, 2s. to 3s. 4d. per day. Lowest, 1s. 4d. to 1s. 8d. per day. Or, Highest, £30 to £50 per annum. Lowest, £20 to £25 per annum.	Room only for the high-class skilled English workman, to give instruction in newly-established branches of industry.

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* Continued from "The Growth and Vicissitudes of Commerce," page 388.

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equate to bring about a cessation of the ruinous wars
l waged between civilised nations, and expect an aban-
nment of the no less ruinous "peace armaments," and a
re beneficial and productive application of capital.

Civilisation has not yet turned to their noblest purposes
propensities natural to humanity in its primæval con-
ion. These have shown and do still show themselves in
admiration and honours bestowed upon the successful
rrior. But peace has her triumphs and her heroes also;
l as men reach a higher intellectual and moral state, and
fewer and fainter become the traces of old barbarisms,
more will it be recognised that courage, fortitude, and
rgy of the highest kind are called for in the pursuits of
man of science, the inventor, the navigator, the physician,
l even the humble artisan; and that he who, by work of
ıd or head, increases the productive resources of the world,
ıtens the toil, pain, and sorrow of human beings, or gives
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